



General Assembly

February Session, 2002

Raised Bill No. 231

LCO No. 583

Referred to Committee on Banks

Introduced by:
(BA)

***AN ACT CONCERNING CONSUMER CREDIT AND MONEY
TRANSMITTER LICENSEES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-3 of the general statutes, as amended by
2 section 1 of public act 01-9, section 1 of public act 01-34, section 1 of
3 public act 01-56 and section 1 of public act 01-76, is repealed and the
4 following is substituted in lieu thereof (*Effective October 1, 2002*):

5 Other definitions applying to this title or to specified parts thereof
6 and the sections in which they appear are:

T1 "Account". Sections 36a-155 and 36a-365.

T2 "Additional proceeds". Section 7 of [this act] public act 01-34.

T3 "Advance fee". Sections 36a-510, 36a-485, as amended by this act,
T4 and 36a-615.

T5 "Advertise" or "advertisement". Sections 36a-485 and 36a-510, as
T6 amended by this act.

T7 "Agency bank". Section 36a-285.

T8 "Alternative mortgage loan". Section 36a-265.

T9 "Amount financed". Section 36a-690.

- T10 "Annual percentage rate". Section 36a-690.
- T11 "Annual percentage yield". Section 36a-316, as amended.
- T12 "Applicant". Section 36a-736.
- T13 "APR". Section 3 of [this act] public act 01-34.
- T14 "Assessment area". Section 2 of [this act] public act 01-9.
- T15 "Associate". Section 36a-184.
- T16 "Bank". Section 36a-30.
- T17 "Bankers' bank". Section 36a-70, as amended.
- T18 "Banking business". Section 36a-425, as amended.
- T19 "Billing cycle". Section 36a-565.
- T20 "Bona fide nonprofit organization". Section 36a-655, as amended by
- T21 this act.
- T22 "Branch". Sections 36a-145, as amended, and 36a-410.
- T23 "Branch or agency net payment entitlement". Section 36a-428n, as
- T24 amended.
- T25 "Branch or agency net payment obligation". Section 36a-428n, as
- T26 amended.
- T27 "Broker". Section [36a-510 and section] 3 of [this act] public act 01-34.
- T28 "Business and industrial development corporation". Section 36a-626.
- T29 "Business and property in this state". Section 36a-428n.
- T30 "Cash advance". Section 36a-564.
- T31 "Cash price". Section 36a-770, as amended.
- T32 "Certificate of organization". Section 36a-435.
- T33 "Closely related activities". Section 36a-250.
- T34 "Collective managing agency account". Section 36a-365.
- T35 "Commercial vehicle". Section 36a-770, as amended.
- T36 "Community bank". Section 36a-70, as amended.
- T37 "Community credit union". Section 2 of [this act] public act 01-9.
- T38 "Community development bank". Section 36a-70, as amended.
- T39 "Community reinvestment performance". Section 2 of [this act]
- T40 public act 01-9.
- T41 "Connecticut holding company". Section 36a-410.
- T42 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
- T43 "Consumer Credit Protection Act". Section 36a-676.

- T44 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800, as
T45 amended.
- T46 "Consumer collection agency". Section 36a-800, as amended.
- T47 "Consummation". Section 3 of [this act] public act 01-34.
- T48 "Controlling interest". Section 36a-276.
- T49 "Credit". Sections 36a-645 and 36a-676.
- T50 "Creditor". Sections 36a-676, 36a-695 and 36a-800, as amended.
- T51 "Credit card", "cardholder" and "card issuer". Section 36a-676.
- T52 "Credit clinic". Section 36a-695.
- T53 "Credit rating agency". Section 36a-695.
- T54 "Credit report". Section 36a-695.
- T55 "Credit sale". Section 36a-676.
- T56 "De novo branch". Section 36a-410.
- T57 "Debt". Section 36a-645.
- T58 "Debt adjustment". Section 36a-655, as amended by this act.
- T59 "Debt mutual fund". Section 36a-275.
- T60 "Debt securities". Section 36a-275.
- T61 "Debtor". Section 36a-655, as amended by this act.
- T62 "Deliver". Section 36a-316, as amended.
- T63 "Deposit". Section 36a-316, as amended.
- T64 "Deposit account". Sections 36a-136 and 36a-316, as amended.
- T65 "Deposit account charge". Section 36a-316, as amended.
- T66 "Deposit account disclosures". Section 36a-316, as amended.
- T67 "Deposit contract". Section 36a-316, as amended.
- T68 "Deposit services". Section 36a-425, as amended.
- T69 "Depositor". Section 36a-316, as amended.
- T70 "Earning period". Section 36a-316, as amended.
- T71 "Electronic payment instrument". Section 36a-596, as amended.
- T72 "Eligible account holder". Section 36a-136.
- T73 "Eligible collateral". Section 36a-330.
- T74 "Equity mutual fund". Section 36a-276.
- T75 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- T76 "Fiduciary". Section 36a-365.
- T77 "Filing fee". Section 36a-770, as amended.

- T78 "Finance charge". Sections 36a-690 and 36a-770, as amended.
- T79 "Financial institution". Sections 36a-41, as amended, 36a-155,
- T80 36a-316, as amended, 36a-330 and section 3 of [this act] public act
- T81 01-76.
- T82 "Financial records". Section 36a-41, as amended.
- T83 "First mortgage broker". Section 36a-485, as amended by this act.
- T84 "First mortgage correspondent lender". Section 36a-485, as amended
- T85 by this act.
- T86 "First mortgage lender". Section 36a-485, as amended by this act.
- T87 "First mortgage loan". Sections 36a-485, as amended by this act, 36a-
- T88 705 and 36a-715.
- T89 "Fiscal year". Section 36a-435.
- T90 "Foreign banking corporation". Section 36a-425, as amended.
- T91 "General facility". Section 36a-580.
- T92 "Global net payment entitlement". Section 36a-428n, as amended.
- T93 "Global net payment obligation". Section 36a-428n, as amended.
- T94 "Goods". Sections 36a-535 and 36a-770, as amended.
- T95 "Graduated payment mortgage loan". Section 36a-265.
- T96 "Guardian". Section 36a-365.
- T97 "High cost home loan". Section 3 of [this act] public act 01-34.
- T98 "Holder". Section 36a-596, as amended.
- T99 "Home banking services". Section 36a-170.
- T100 "Home banking terminal". Section 36a-170.
- T101 "Home improvement loan". Section 36a-736.
- T102 "Home purchase loan". Section 36a-736.
- T103 "Home state". Section 36a-410.
- T104 "Immediate family". Section 36a-435.
- T105 "Installment loan contract". Sections 36a-535 and 36a-770, as
- T106 amended.
- T107 "Insurance bank". Section 36a-285.
- T108 "Insurance department". Section 36a-285.
- T109 "Interest". Section 36a-316, as amended.
- T110 "Interest rate". Section 36a-316, as amended.
- T111 "Lender". [Sections 36a-510,] Section 36a-770, as amended, and

- T112 section 3 of [this act] public act 01-34.
- T113 "Lessor". Section 36a-676.
- T114 "License". Section 36a-626.
- T115 "Licensee". Sections 36a-510, as amended by this act, 36a-596, as
- T116 amended, and 36a-626.
- T117 "Limited branch". Section 36a-145, as amended.
- T118 "Limited facility". Section 36a-580.
- T119 "Loan broker". Section 36a-615.
- T120 "Loss". Section 36a-330.
- T121 "Made in this state". Section 36a-770, as amended.
- T122 "Managing agent". Section 36a-365.
- T123 "Material litigation". Section 36a-596.
- T124 "Member". Section 36a-435.
- T125 "Membership share". Section 36a-435.
- T126 "Money order". Section 36a-596, as amended.
- T127 "Money transmission". Section 36a-365.
- T128 ["Mortgage broker". Section 36a-485.]
- T129 "Mortgage insurance". Section 36a-725.
- T130 "Mortgage lender". Sections 36a-485, 36a-510, as amended by this
- T131 act, and 36a-705.
- T132 "Mortgage loan". Sections 36a-261 and 36a-265.
- T133 "Mortgage rate lock-in". Section 36a-705.
- T134 "Mortgage servicing company". Section 36a-715.
- T135 "Mortgagor". Section 36a-715.
- T136 "Motor vehicle". Section 36a-770, as amended.
- T137 "Multiple common bond membership". Section 36a-435.
- T138 "Municipality". Section 36a-800, as amended.
- T139 "Net worth". Section 36a-596, as amended.
- T140 "Network". Section 36a-155.
- T141 "Nonrefundable". Sections 36a-498 and 36a-521, as amended by this
- T142 act.
- T143 "Note account". Sections 36a-301 and 36a-445.
- T144 "Office". Section 36a-316, as amended.
- T145 "Open-end credit plan". Section 36a-676.

- T146 "Open-end loan". Section 36a-565.
- T147 "Organization". Section 36a-800, as amended.
- T148 "Originator". Sections 36a-485 and 36a-510, as amended by this act.
- T149 "Out-of-state holding company". Section 36a-410.
- T150 "Outstanding". Section 36a-596, as amended.
- T151 "Passbook savings account". Section 36a-316, as amended.
- T152 "Payment instrument". Section 36a-596, as amended.
- T153 "Periodic statement". Section 36a-316, as amended.
- T154 "Permissible investment". Section 36a-596, as amended.
- T155 "Person". Section 36a-184.
- T156 "Post". Section 36a-316, as amended.
- T157 "Prepaid finance charge". Section 3 of [this act] public act 01-34.
- T158 "Prepayment penalty". Section 3 of [this act] public act 01-34.
- T159 "Prime quality". Section 36a-596, as amended.
- T160 "Principal amount of the loan". Section 36a-510, as amended by this
- T161 act.
- T162 ["Principal officer". Section 36a-485.]
- T163 "Processor". Section 36a-155.
- T164 "Public deposit". Section 36a-330.
- T165 "Purchaser". Section 36a-596, as amended.
- T166 "Qualified financial contract". Section 36a-428n, as amended.
- T167 "Qualified public depository" and "depository". Section 36a-330.
- T168 "Records". Section 36a-17.
- T169 "Relocate". Section 36a-145, as amended.
- T170 "Residential property". Section 36a-485, as amended by this act.
- T171 "Retail buyer". Sections 36a-535 and 36a-770, as amended.
- T172 "Retail credit transaction". Section 42-100b.
- T173 "Retail deposits". Section 36a-70, as amended.
- T174 "Retail installment contract". Sections 36a-535 and 36a-770, as
- T175 amended.
- T176 "Retail installment sale". Sections 36a-535 and 36a-770, as amended.
- T177 "Retail seller". Sections 36a-535 and 36a-770, as amended.
- T178 "Reverse annuity mortgage loan". Section 36a-265.
- T179 "Sales finance company". Sections 36a-535 and 36a-770, as amended.

T180 "Savings department". Section 36a-285.
T181 "Savings deposit". Section 36a-316, as amended.
T182 "Secondary mortgage broker". Section 36a-510, as amended by this
T183 act.
T184 "Secondary mortgage correspondent lender". Section 36a-510, as
T185 amended by this act.
T186 "Secondary mortgage lender". Section 36a-510, as amended by this
T187 act.
T188 "Secondary mortgage loan". Section 36a-510, as amended by this act.
T189 "Security convertible into a voting security". Section 36a-184.
T190 "Share". Section 36a-435.
T191 "Simulated check". Sections 36a-485 and 36a-510, as amended by this
T192 act.
T193 "Single common bond membership". Section 36a-435.
T194 "Social purpose investment". Section 36a-277.
T195 "Standard mortgage loan". Section 36a-265.
T196 "Table funding agreement". Section 36a-485, as amended by this act.
T197 "Tax and loan account". Sections 36a-301 and 36a-445.
T198 "The Savings Bank Life Insurance Company". Section 36a-285.
T199 "Time account". Section 36a-316, as amended.
T200 "Transaction". Section 36a-215, as amended.
T201 "Travelers check". Section 36a-596, as amended.
T202 "Troubled financial institution". Section 36a-215, as amended.
T203 "Uninsured bank". Section 36a-70, as amended.
T204 "Unsecured loan". Section 36a-615.
T205 "Warehouse agreement". Section 36a-485, as amended by this act.

7 Sec. 2. Section 36a-485 of the general statutes is repealed and the
8 following is substituted in lieu thereof (*Effective October 1, 2002*):

9 As used in this section and sections 36a-486 to 36a-498, inclusive,
10 unless the context otherwise requires:

11 (1) "Advance fee" means any consideration paid or given, directly or

12 indirectly, to a mortgage lender, [or] mortgage broker required or
13 originator to be licensed or registered pursuant to sections 36a-485 to
14 36a-498, inclusive, prior to the closing of a first mortgage loan to any
15 person, including, but not limited to, loan fees, points, broker's fees or
16 commissions, transaction fees or similar prepaid finance charges;

17 (2) "Advertise" or "advertisement" means the use of media, mail,
18 computer, telephone, personal contract or any other means to offer the
19 opportunity for a first mortgage loan;

20 (3) "First mortgage broker" means a person who, for a fee,
21 commission or other valuable consideration, directly or indirectly,
22 negotiates, solicits, arranges, places or finds a first mortgage loan that
23 is to be made by a mortgage lender, whether or not the mortgage
24 lender is required to be licensed under sections 36a-485 to 36a-498,
25 inclusive;

26 (4) "First mortgage correspondent lender" means a person engaged
27 in the business of making first mortgage loans in such person's own
28 name where the loans are not held by such person for more than
29 ninety days and are funded by another person through a warehouse
30 agreement, table funding agreement or similar agreement;

31 (5) "First mortgage lender" means a person engaged in the business
32 of making first mortgage loans: (A) In such person's own name
33 utilizing such person's own funds, or (B) by funding loans through a
34 table funding agreement;

35 [(2)] (6) "First mortgage loan" means a loan or an extension of credit,
36 including, but not limited to, an extension of credit pursuant to a
37 contract or an assigned contract for the sale of goods or services, made
38 to a natural person, the proceeds of which are to be used primarily for
39 personal, family or household purposes, and which is secured by a
40 first mortgage upon any interest in one-to-four-family residential
41 owner-occupied real property located in this state which is not subject
42 to any prior mortgages and includes the renewal or refinancing of an

43 existing first mortgage loan;

44 [(3) "Mortgage broker" means a person who, for a fee, commission
45 or other valuable consideration, negotiates, solicits, arranges, places or
46 finds a first mortgage loan which is to be made by a mortgage lender,
47 whether or not such lender is required to be licensed under sections
48 36a-485 to 36a-498, inclusive;]

49 [(4)] (7) "Mortgage lender" means [any person engaged in the
50 business of making first mortgage loans] a first mortgage lender, a first
51 mortgage correspondent lender, or both;

52 [(5) "Principal officer" means the president or treasurer of any
53 licensee which is organized as a corporation;]

54 (8) "Originator" means an individual who is employed or retained
55 by a mortgage lender or first mortgage broker that is required to be
56 licensed under sections 36a-485 to 36a-498, inclusive, for, or with the
57 expectation of, a fee, commission or other valuable consideration, to
58 negotiate, solicit, arrange or find a first mortgage loan. "Originator"
59 does not include an officer, if the licensee is a corporation; a general
60 partner, if the licensee is a partnership; a member, if the licensee is a
61 limited liability company; or a sole proprietor, if the licensee is a sole
62 proprietorship;

63 [(6)] (9) "Residential property" means improved real property used
64 or occupied, or intended to be used or occupied, for residential
65 purposes;

66 [(7)] (10) "Simulated check" means a document that imitates or
67 resembles a check but is not a negotiable instrument; [and]

68 [(8) "Advertise" or "advertisement" means the use of media, mail,
69 computer, telephone, personal contact or any other means to offer the
70 opportunity for a first mortgage loan.]

71 (11) "Table funding agreement" means an agreement wherein a

72 person agrees to find mortgage loans to be made in another person's
73 name and to purchase such loans after they are made; and

74 (12) "Warehouse agreement" means an agreement to provide credit
75 to a person to enable the person to have funds to make mortgage loans
76 and hold such loans pending sale to other persons.

77 Sec. 3. Section 36a-486 of the general statutes is repealed and the
78 following is substituted in lieu thereof (*Effective October 1, 2002*):

79 (a) No person shall engage in the business of making first mortgage
80 loans or act as a first mortgage broker in this state unless such person
81 has first obtained [a] the required license in accordance with the
82 provisions of sections 36a-485 to [36a-495] 36a-498, inclusive. [No
83 person shall engage in the first mortgage loan business in this state as a
84 mortgage broker unless such person has first obtained a license in
85 accordance with the provisions of said sections.] A first mortgage
86 correspondent lender shall not be deemed to be acting as a first
87 mortgage lender if such first mortgage correspondent lender makes a
88 loan utilizing its own funds in a situation where another person does
89 not honor such person's commitment to fund the loan.

90 (b) No licensee shall employ or retain an originator without first
91 registering such originator under sections 36a-485 to 36a-498, inclusive,
92 provided such registration shall not be required for any originator who
93 is registered by such licensee under sections 36a-510 to 36a-524,
94 inclusive. No individual may act as an originator without being
95 registered or act as an originator for more than one licensee. The
96 registration of an originator is not effective during any period when
97 such originator is not associated with a licensee. Both the originator
98 and the licensee shall promptly notify the commissioner, in writing, of
99 the termination of employment or services of an originator.

100 [(b)] (c) Each first mortgage loan negotiated, solicited, placed, found
101 or made without a license shall constitute a separate violation for
102 purposes of section 36a-50, as amended.

103 Sec. 4. Section 36a-487 of the general statutes is repealed and the
104 following is substituted in lieu thereof (*Effective October 1, 2002*):

105 The following are exempt from licensing under sections 36a-485 to
106 36a-498, inclusive:

107 (1) Any bank, out-of-state bank, Connecticut credit union, federal
108 credit union, or out-of-state credit union, provided subsidiaries of such
109 institutions are not exempt from licensure;

110 (2) Persons [granting] making five or fewer first mortgage loans
111 within any period of twelve consecutive months;

112 (3) Bona fide nonprofit corporations [granting] making first
113 mortgage loans to promote home ownership for the economically
114 disadvantaged;

115 (4) Agencies of the federal government, or any state or municipal
116 government, or any quasi-governmental agency [granting] making
117 first mortgage loans under the specific authority of the laws of any
118 state or the United States;

119 (5) Persons licensed under sections 36a-555 to 36a-573, inclusive,
120 when making loans authorized by said sections;

121 (6) Persons licensed under sections 36a-510 to 36a-524, inclusive, as
122 amended, when making loans authorized by said sections, provided
123 such licensed mortgage lender makes less than twelve first mortgage
124 loans within any period of twelve consecutive months;

125 (7) Any corporation or its affiliate which makes first mortgage loans
126 exclusively for the benefit of its employees or agents;

127 (8) Any corporation, licensed in accordance with section 38a-41, or
128 its affiliate or subsidiary, which [grants] makes first mortgage loans to
129 promote home ownership in urban areas; and

130 (9) Persons acting as fiduciaries with respect to any employee

131 pension benefit plan qualified under the Internal Revenue Code of
132 1986, or any subsequent corresponding internal revenue code of the
133 United States, as from time to time amended, who make first mortgage
134 loans solely to plan participants from plan assets.

135 Sec. 5. Section 36a-488 of the general statutes is repealed and the
136 following is substituted in lieu thereof (*Effective October 1, 2002*):

137 [(a) An application for a license under sections 36a-485 to 36a-498,
138 inclusive, or renewal of such license shall be made in writing, under
139 oath and on a form provided by the commissioner.]

140 (a) (1) The commissioner shall not issue a license to any person
141 unless such person meets the following tangible net worth and
142 experience requirements, as applicable: (A) The minimum tangible net
143 worth requirement for a first mortgage lender shall be two hundred
144 fifty thousand dollars and the minimum tangible net worth
145 requirement for a first mortgage correspondent lender and a first
146 mortgage broker shall be twenty-five thousand dollars, and (B) a
147 mortgage lender shall have, at the location for which the license is
148 sought, a person with supervisory authority over the lending activities
149 who has at least three years experience in the mortgage lending
150 business within the five years immediately preceding the application
151 for the license and a first mortgage broker shall have, at the location
152 for which the license is sought, a person with supervisory authority
153 over the brokerage activities who has at least three years experience in
154 the mortgage lending or mortgage brokerage business within the five
155 years immediately preceding the application for the license, provided
156 such experience requirements shall not apply to any person whose
157 license is renewed effective October 1, 2002.

158 (2) Each licensee shall maintain the net worth required by this
159 subsection and shall promptly notify the commissioner if such
160 licensee's net worth falls below the net worth required by this
161 subsection.

162 (b) The commissioner may issue a first mortgage lender license, a
 163 first mortgage correspondent lender license, or a first mortgage broker
 164 license. Each first mortgage lender license may also act as a first
 165 mortgage correspondent lender and a first mortgage broker, and each
 166 first mortgage correspondent lender licensee may also act as a first
 167 mortgage broker. An application for a license or renewal of such
 168 license shall be made under oath and on a form provided by the
 169 commissioner. The application shall [set forth: (1) The] include: (1) The
 170 type of license sought; (2) the name and address of the applicant; [(2) if
 171 the applicant is a firm or partnership,] (3) the location for which the
 172 license is sought; (4) the name and address of each member, [of the
 173 firm or partnership; (3) if the applicant is a corporation, the name and
 174 address of each] partner, officer, director, authorized agent and [each]
 175 shareholder owning ten per cent or more of the outstanding stock, [of
 176 such corporation; (4) whether the applicant is a lender or a mortgage
 177 broker, or both, and (5)] as applicable; (5) if the applicant is a trust or
 178 the lead lender in one or more participation loans, the name and
 179 address of each trustee or lead lender and each beneficiary of the trust
 180 or other participant lenders in all outstanding participation loans; (6) a
 181 financial statement as of a date not more than ninety days prior to the
 182 filing of the application which reflects tangible net worth, the accuracy
 183 of which is sworn to under oath before a notary public by the
 184 proprietor, general partner, officer, trustee or member duly authorized
 185 to execute such statement; (7) evidence that the person with
 186 supervisory authority over the lending or brokerage activities at the
 187 location for which the license is sought meets the experience required
 188 by subsection (a) of this section; (8) an application for registration of
 189 each originator or prospective originator of the applicant at such
 190 location; and (9) such other information pertaining to the applicant,
 191 [its] the applicant's background, the background of its principals and
 192 employees, and [its] the applicant's activities as the commissioner may
 193 require.

194 (c) An application for registration of an originator or renewal of
 195 such registration shall be made on a form provided by the

196 commissioner.

197 Sec. 6. Section 36a-489 of the general statutes is repealed and the
198 following is substituted in lieu thereof (*Effective October 1, 2002*):

199 (a) If the commissioner finds, upon the filing of an application for a
200 license, that the applicant meets the requirements of subsection (a) of
201 section 36a-488,m as amended by this act, and that the financial
202 responsibility, character, reputation, integrity and general fitness of the
203 applicant and of the [members] partners thereof if the applicant is a
204 partnership, of the members if the applicant is a limited liability
205 company or association, and of the officers, directors and principal
206 employees if the applicant is a corporation, are such as to warrant
207 belief that the business will be operated soundly and efficiently, in the
208 public interest and consistent with the purposes of sections 36a-485 to
209 36a-498, inclusive, the commissioner may thereupon issue the
210 applicant [a] the license. [(1) to engage in the business of granting first
211 mortgage loans or (2) to be a mortgage broker.] If the commissioner
212 fails to make such findings, or if the commissioner finds that the
213 applicant has made a material misstatement in the application, the
214 commissioner shall not issue a license, and shall notify the applicant of
215 the denial and the reasons for such denial. Any denial of an
216 application by the commissioner shall, when applicable, be subject to
217 the provisions of section 46a-80.

218 (b) Upon the filing of an application for registration, the
219 commissioner shall register the originator named in the application
220 unless the commissioner finds that the applicant has made a material
221 misstatement in the application or that the financial responsibility,
222 character, reputation, integrity and general fitness of the originator
223 named in the application, are not such as to warrant belief that
224 granting such registration would be in the public interest and
225 consistent with the purposes of sections 36a-485 to 36a-498, inclusive. If
226 the commissioner denies registration, the commissioner shall notify the
227 originator named in the application and the applicant filing the

228 application of the denial and the reasons for such denial. Any denial of
229 an application by the commissioner shall, when applicable, be subject
230 to the provisions of section 46a-80. A registration shall remain in force
231 and effect until it has been surrendered, revoked, suspended or expires
232 in accordance with the provisions of section 36a-485 to 36a-498,
233 inclusive.

234 Sec. 7. Section 36a-490 of the general statutes is repealed and the
235 following is substituted in lieu thereof (*Effective October 1, 2002*):

236 (a) Each license shall state the [address] location at which the
237 business is to be conducted and shall state fully the name of the
238 licensee. If the licensee desires to [grant] make first mortgage loans in
239 more than one location or to act as a mortgage broker in more than one
240 location, the licensee shall procure a license for each location where the
241 business is to be conducted. Each license shall be [prominently posted
242 in each place of business of the licensee] maintained at the location for
243 which the license was issued and shall be available for public
244 inspection. Such license shall not be transferable or assignable, [. Any]
245 provided any change of location [of a place of business] of a licensee
246 shall require [the prior approval of] only prior written notice to the
247 commissioner. [and requests for relocation shall be in writing.] No
248 licensee shall use any name other than the name [set forth] stated on
249 the license issued by the commissioner.

250 (b) The licensee shall promptly notify the commissioner, in writing,
251 of [the name, address and position of each new officer, partner,
252 director or, if the licensee is a corporation, each new shareholder
253 owning ten per cent or more of the outstanding stock of the
254 corporation, and provide such other information as the commissioner
255 may require] any change in the information provided in the
256 application for license or most recent renewal of such license.

257 (c) [Every] Each license shall remain in force and effect until it has
258 been surrendered, revoked, suspended or expires in accordance with
259 the provisions of sections 36a-485 to [36a-495] 36a-498, inclusive.

260 Sec. 8. Section 36a-491 of the general statutes is repealed and the
261 following is substituted in lieu thereof (*Effective October 1, 2002*):

262 (a) (1) Each applicant for a [license to be a] first mortgage lender
263 license or [to be both a mortgage lender and] a first mortgage [broker]
264 correspondent lender license shall, at the time of making such
265 application, pay to the commissioner a license fee of eight hundred
266 dollars, provided if such application is filed within one year or less of
267 the date such license will expire, the applicant shall pay to the
268 commissioner a license fee of four hundred dollars. Each applicant for
269 a [license to be a] first mortgage broker license shall, at the time of
270 making such application, pay to the commissioner a license fee of four
271 hundred dollars, provided if such applicant is filed within one year or
272 less of the date such license will expire, the applicant shall pay to the
273 commissioner a license fee of two hundred dollars. Each license issued
274 pursuant to this section shall expire at the close of business on
275 September thirtieth of [each year] the even-numbered year following
276 its issuance unless such license is renewed. Such licensee shall, on or
277 before September first of [each year] the year in which the license
278 expires, pay to the commissioner the appropriate license fee as
279 provided in this section for the succeeding [year] two years,
280 commencing October first, together with such renewal application as
281 the commissioner may require. Any renewal application filed with the
282 commissioner after September first shall be accompanied by a one-
283 hundred-dollar late fee.

284 [(2)] Whenever an application for a license, other than a renewal
285 application, is filed under sections 36a-485 to 36a-498, inclusive, by any
286 person who was a licensee under said sections and whose license
287 expired less than sixty days prior to the date such application was
288 filed, such application shall be accompanied by a one-hundred-dollar
289 processing fee in addition to the application fee.

290 (2) A licensee filing an application for registration of an originator
291 shall, at the time of making such application pay to the commissioner a

292 registration fee of one hundred dollars for such originator provided if
 293 such application is filed within one year or less of the date the license
 294 of the applicant will expire, the application shall pay to the
 295 commissioner a registration fee of fifty dollars for such originator.
 296 Each registration shall expire at such time as the licensee's license
 297 expires unless such registration is renewed. Such licensee shall file an
 298 application for renewal of the registration and pay to the commissioner
 299 the appropriate registration fee as provided in this subsection for the
 300 succeeding two years, commencing October first.

301 (b) No abatement of the license or registration fee shall be made if
 302 the license is surrendered, revoked or suspended prior to the
 303 expiration of the period for which it was issued. All fees required by
 304 this section shall be nonrefundable.

305 Sec. 9. Section 36a-492 of the general statutes is repealed and the
 306 following is substituted in lieu thereof (*Effective October 1, 2002*):

307 No such license, and no renewal thereof, shall be granted unless the
 308 applicant has filed a bond with the commissioner written by a surety
 309 authorized to write such bonds in this state, in the sum of forty
 310 thousand dollars, the form of which shall be approved by the Attorney
 311 General. Such bond shall be conditioned upon such licensee faithfully
 312 performing any and all written agreements or commitments with or
 313 for the benefit of borrowers and prospective borrowers, truly and
 314 faithfully accounting for all funds received from a borrower or
 315 prospective borrower by the licensee in the licensee's capacity as a
 316 mortgage lender or a mortgage broker, and conducting such mortgage
 317 business consistent with the provisions of sections 36a-485 to 36a-498,
 318 inclusive. Any [person] borrower or prospective borrower who may be
 319 damaged by failure to perform any written agreements or
 320 commitments, or by the wrongful conversion of funds paid by a
 321 borrower or prospective borrower to a licensee, may proceed on such
 322 bond against the principal or surety thereon, or both, to recover
 323 damages. The commissioner may proceed on such bond against the

324 principal or surety thereon, or both, to collect any civil penalty
 325 imposed upon the licensee pursuant to subsection (a) of section 36a-50,
 326 as amended. The proceeds of the bond, even if commingled with other
 327 assets of the licensee, shall be deemed by operation of law to be held in
 328 trust for the benefit of such claimants against the licensee in the event
 329 of bankruptcy of the licensee and shall be immune from attachment by
 330 creditors and judgment creditors. The bond shall run concurrently
 331 with the period of the license granted to the applicant, and the
 332 aggregate liability under the bond shall not exceed the penal sum of
 333 the bond.

334 Sec. 10. Section 36a-493 of the general statutes is repealed and the
 335 following is substituted in lieu thereof (*Effective October 1, 2002*):

336 (a) Each licensee shall maintain adequate records of each loan
 337 transaction at the [place of business] location named in the license, or
 338 shall make such records available at such [place of business] location
 339 not later than five business days after requested by the commissioner
 340 to do so. Such records shall provide the following information: (1) A
 341 copy of any disclosures required under part III of chapter 669; (2)
 342 whether the licensee acted as a mortgage lender, a first mortgage
 343 broker or both; (3) if the licensee is acting as a mortgage lender, and
 344 retains the first mortgage loan or receives payments thereon, an
 345 adequate loan history for those loans retained or upon which
 346 payments are received, itemizing the amount and date of each
 347 payment and the unpaid balance at all times; (4) the purpose for which
 348 the loan was made; (5) the original or an exact copy of the note and
 349 mortgage deed; [and] (6) a statement signed by the borrowers
 350 acknowledging the receipt of such statement which discloses the full
 351 amount of any fee, commission or consideration paid to the first
 352 mortgage broker for all services in connection with the mortgage loan;
 353 and (7) the name and address of the broker, if any, involved in the loan
 354 transaction.

355 (b) [Each licensee acting as a mortgage lender] For each loan that is

356 made and serviced by a licensee, the licensee shall retain records of
 357 [each] ~~such~~ loan transaction for not less than [one year] ~~two years~~
 358 following the final payment thereon, or the assignment of such loan,
 359 whichever occurs first, or such longer period as may be required by
 360 any other provision of law.

361 (c) ~~[Each licensee acting as a mortgage broker]~~ For each loan
 362 transaction in which a licensee acts as a mortgage lender or first
 363 mortgage broker but does not service the loan, the licensee shall retain
 364 the records of [each] ~~such~~ loan transaction for not less than two years
 365 from the ~~date of the~~ transaction or such longer period as may be
 366 required by any other provision of law.

367 (d) Any person who furnishes to a licensee any records required to
 368 be maintained under this section or any information necessary to
 369 complete such records may charge a fee to the licensee in an amount
 370 not to exceed fifty dollars.

371 Sec. 11. Subsection (a) of section 36a-494 of the general statutes is
 372 repealed and the following is substituted in lieu thereof (*Effective*
 373 *October 1, 2002*):

374 (a) (1) The commissioner may suspend, revoke or refuse to renew
 375 any license, in accordance with the provisions of section 36a-51, for any
 376 reason which would be sufficient grounds for the commissioner to
 377 deny an application for a license under sections 36a-485 to 36a-498,
 378 inclusive, or if the commissioner finds that the licensee or any [owner]
 379 proprietor, director, officer, member, partner, shareholder, trustee,
 380 employee or agent of such licensee has done any of the following: [(1)]
 381 (A) Made any material misstatement in the application; [(2)] (B)
 382 committed any fraud, ~~misappropriated funds~~ or misrepresented,
 383 concealed, suppressed, intentionally omitted or otherwise intentionally
 384 failed to disclose any of the material particulars of any first mortgage
 385 loan transaction, including disclosures required by subdivision (6) of
 386 subsection (a) of section 36a-493, ~~as amended by this act,~~ or part III of
 387 chapter 669 or regulations adopted pursuant thereto, to anyone

388 entitled to such information; [(3)] (C) violated any of the provisions [of
389 sections 36a-485 to 36a-498, inclusive, or of parts I, III and V of chapter
390 669 or] of title 36a or of any regulations adopted pursuant thereto, or
391 any other law or regulation applicable to the conduct of its business; or
392 [(4)] (D) failed to perform any agreement with a licensee or a borrower.

393 (2) The commissioner may suspend, revoke or refuse to renew any
394 registration, in accordance with the provisions of section 36a-51, as
395 amended, for any reason which would be sufficient grounds for the
396 commissioner to deny an application for a registration under sections
397 36a-485 to 36a-498, inclusive, or if the commissioner finds that the
398 registrant has committed any fraud, misappropriated funds or
399 misrepresented any of the material particulars of any first mortgage
400 loan transaction.

401 Sec. 12. Section 36a-496 of the general statutes is repealed and the
402 following is substituted in lieu thereof (*Effective October 1, 2002*):

403 No person engaged in the business of making first mortgage loans
404 in this state, whether licensed in accordance with the provisions of
405 sections 36a-485 to 36a-498, inclusive, or exempt from licensing, shall
406 accept applications or referral of applicants from, or pay a fee to, any
407 first mortgage broker or originator who is required to be licensed or
408 registered under said sections but is not licensed or registered to act as
409 such by the commissioner, if the mortgage lender has actual
410 knowledge that the first mortgage broker or originator is not licensed
411 or registered by the commissioner.

412 Sec. 13. Section 36a-497 of the general statutes is repealed and the
413 following is substituted in lieu thereof (*Effective October 1, 2002*):

414 No person licensed pursuant to section 36a-489, as amended by this
415 act, shall:

416 (1) Advertise or cause to be advertised in this state, any first
417 mortgage loan in which such person intends to act only as a first

418 mortgage broker unless the advertisement includes the following
419 statement, clearly and conspicuously expressed: BROKER ONLY, NOT
420 A LENDER; or

421 (2) In connection with an advertisement in this state, use (A) a
422 simulated check; (B) a comparison between the loan payments under
423 the first mortgage loan offered and the loan payments under a
424 hypothetical loan or extension of credit, unless the advertisement
425 includes, with respect to both the hypothetical loan or extension of
426 credit and the first mortgage loan being offered, the interest rate, the
427 loan balance, the total amount of finance charges, the total number of
428 payments and the monthly payment amount that would be required to
429 pay off the outstanding loan balance shown; (C) representations such
430 as "verified as eligible", "eligible", "preapproved", "prequalified" or
431 similar words or phrases, without also disclosing, in immediate
432 proximity to and in similar size print, language which sets forth
433 prerequisites to qualify for the first mortgage loan, including, but not
434 limited to, income verification, credit check, and property appraisal or
435 evaluation; or (D) any words or symbols in the advertisement or on the
436 envelope containing the advertisement that give the appearance that
437 the mailing was sent by a government agency.

438 Sec. 14. Section 36a-498 of the general statutes is repealed and the
439 following is substituted in lieu thereof (*Effective October 1, 2002*):

440 (a) Except as provided in subsection (b) of this section, every
441 advance fee paid or given, directly or indirectly, to a mortgage lender,
442 [or] first mortgage broker or originator required to be licensed or
443 registered pursuant to sections 36a-485 to 36a-498, inclusive, shall be
444 refundable.

445 (b) Subsection (a) of this section shall not apply if: (1) The person
446 providing the advance fee and the mortgage lender or first mortgage
447 broker agree in writing that the advance fee shall not be refundable, in
448 whole or in part; and (2) the written agreement complies in all respects
449 with the provisions of subsection (c) of this section.

450 (c) An agreement under subsection (b) of this section shall meet all
 451 of the following requirements to be valid and enforceable: (1) The
 452 agreement shall be dated, signed by both parties, and be executed
 453 prior to the payment of any advance fee; (2) the agreement shall
 454 expressly state the total advance fee required to be paid and any
 455 amount of the advance fee that shall not be refundable; (3) the
 456 agreement shall clearly and conspicuously state any conditions under
 457 which the advance fee will be retained by the licensee or originator; (4)
 458 the term "nonrefundable" shall be used to describe each advance fee or
 459 portion thereof to which the term is applicable, and shall appear in
 460 boldface type in the agreement each time it is used; and (5) the form of
 461 the agreement shall (A) be separate from any other forms, contracts, or
 462 applications utilized by the licensee or originator, (B) contain a
 463 heading in a size equal to at least ten-point boldface type that shall title
 464 the form "AGREEMENT CONCERNING NONREFUNDABILITY OF
 465 ADVANCE FEE", (C) provide for a duplicate copy which shall be
 466 given to the person paying the advance fee at the time of payment of
 467 the advance fee, and (D) include such other specifications as the
 468 commissioner may by regulation prescribe.

469 (d) An agreement under subsection (b) of this section that does not
 470 meet the requirements of subsection (c) of this section shall be voidable
 471 at the election of the person paying the advance fee.

472 Sec. 15. Section 36a-510 of the general statutes is repealed and the
 473 following is substituted in lieu thereof (*Effective October 1, 2002*):

474 As used in sections 36a-510 to 36a-524, inclusive, as amended,
 475 unless the context otherwise requires:

476 (1) "Advance fee" means any consideration paid or given, directly or
 477 indirectly, to a [licensee] mortgage lender, secondary mortgage broker
 478 or originator required to be licensed or registered pursuant to sections
 479 36a-510 to 36a-524, inclusive, as amended, prior to the closing of a
 480 secondary mortgage loan to any person, including, but not limited to,
 481 loan fees, points, broker's fees or commissions, transaction fees,

482 [broker's fees or commissions,] or similar prepaid finance charges;

483 [(2) "Broker" means a person who, for a fee or other consideration,
484 negotiates, solicits, places or finds a secondary mortgage loan which is
485 to be made by a lender;

486 (3) "Lender" means a person who makes a secondary mortgage
487 loan;]

488 (2) "Advertise" or "advertisement" means the use of media, mail,
489 computer, telephone, personal contact or any other means to offer the
490 opportunity for a secondary mortgage loan;

491 ~~[(4)]~~ (3) "Licensee" means any person who is required to be licensed
492 pursuant to section 36a-511, as amended by this act;

493 (4) "Mortgage lender" means a secondary mortgage lender or a
494 secondary mortgage correspondent lender, or both;

495 (5) "Originator" means an individual who is employed by a
496 mortgage lender or secondary mortgage broker that is required to be
497 licensed under sections 36a-510 to 36a-524, inclusive, as amended, for,
498 or with the expectation of, a fee, commission or other valuable
499 consideration, to negotiate, solicit, arrange or find a secondary
500 mortgage loan. "Originator" does not include an officer, if the licensee
501 is a corporation; a general partner, if the licensee is a partnership; a
502 member, if the licensee is a limited liability company; or a sole
503 proprietor, if the licensee is a sole proprietorship;

504 ~~[(5)]~~ (6) "Principal amount of the loan" means the gross loan amount
505 the borrower is obligated to repay including any prepaid finance
506 charge and other charges which are financed. The provisions of this
507 subdivision apply to all loans negotiated before, on and after June 14,
508 1993;

509 (7) "Secondary mortgage broker" means a person who, for a fee,
510 commission or other valuable consideration, directly or indirectly,

511 negotiates, solicits, arranges, places or finds a secondary mortgage loan
512 that is to be made by a mortgage lender, whether or not the mortgage
513 lender is required to be licensed under sections 36a-510 to 36a-524,
514 inclusive, as amended;

515 (8) "Secondary mortgage correspondent lender" means a person
516 engaged in the business of making secondary mortgage loans in such
517 person's own name where the loans are not held by such person for
518 more than ninety days and are funded by another person through
519 warehouse, table funding or similar agreements;

520 (9) "Secondary mortgage lender" means a person engaged in the
521 business of making secondary mortgage loans: (A) In such person's
522 own name utilizing such person's own funds, or (B) by funding loans
523 through a table funding agreement;

524 [(6)] (10) "Secondary mortgage loan" means (A) a loan or an
525 extension of credit, including, but not limited to, an extension of credit
526 pursuant to a contract or an assigned contract for the sale of goods or
527 services, made to a person, the proceeds of which are to be used
528 primarily for personal, family or household purposes, and which is
529 secured in whole or in part by a mortgage upon any interest in
530 one-to-four-family residential owner-occupied real property located in
531 this state, provided such real property is subject to one or more prior
532 mortgages, and (B) the renewal or refinancing of any existing loan or
533 extension of credit described in subparagraph (A) of this subdivision;

534 [(7)] (11) "Simulated check" means a document that imitates or
535 resembles a check but is not a negotiable instrument; [and]

536 [(8) "Advertise" or "advertisement" means the use of media, mail,
537 computer, telephone, personal contact or any other means to offer the
538 opportunity for a secondary mortgage loan.]

539 (12) "Table funding agreement" has the meaning given to that term
540 in subdivision (11) of section 36a-485, as amended by this act; and

541 (13) "Warehouse agreement" has the meaning given to that term in
 542 subdivision (12) of section 36a-485, as amended by this act.

543 Sec. 16. Section 36a-511 of the general statutes is repealed and the
 544 following is substituted in lieu thereof (*Effective October 1, 2002*):

545 (a) No person shall engage in the business of making secondary
 546 mortgage [loan business in this state as a lender or a] loans or act as a
 547 secondary mortgage broker unless such person has first obtained [a]
 548 the required license under sections 36a-510 to 36a-524, inclusive, as
 549 amended. [For the purposes of said sections, a] A person shall be
 550 deemed to be engaged in the business of making secondary mortgage
 551 [loan business] loans if such person advertises, causes to be advertised,
 552 solicits, offers to make or makes [a] secondary mortgage [loan] loans,
 553 either directly or indirectly. [A person shall not be deemed to be
 554 engaging in the secondary mortgage loan business if in the course of
 555 the person's business as a licensed real estate broker, an accountant, or
 556 an attorney, the person negotiates a secondary mortgage loan, and the
 557 beneficiaries of a licensee's estate shall not be deemed to be engaging
 558 in such business unless such beneficiaries make new secondary
 559 mortgage loans.] A secondary mortgage correspondent lender shall
 560 not be deemed to be acting as a secondary mortgage lender if such
 561 secondary mortgage correspondent lender makes a loan utilizing its
 562 own funds in a situation where another person does not honor such
 563 person's commitment to fund the loan.

564 (b) No licensee shall employ or retain an originator without first
 565 registering such originator under sections 36a-510 to 36a-524, inclusive,
 566 as amended, provided such registration shall not be required for any
 567 originator who is registered by such licensee under sections 36a-485 to
 568 36a-498, inclusive. No individual may act as an originator without
 569 being registered or act as an originator for more than one licensee. The
 570 registration of an originator is not effective during any period when
 571 such originator is not associated with a licensee. Both the originator
 572 and the licensee shall promptly notify the commissioner, in writing, of

573 the termination of employment or services of an originator.

574 [(b)] (c) Each secondary mortgage loan negotiated, solicited, placed,
575 found or made without a license shall constitute a separate violation
576 for purposes of section 36a-50, as amended.

577 Sec. 17. Section 36a-512 of the general statutes is repealed and the
578 following is substituted in lieu thereof (*Effective October 1, 2002*):

579 The following are exempt from the licensing requirements of
580 sections 36a-510 to 36a-524, inclusive, as amended: (1) Persons licensed
581 as small business investment companies by the Small Business
582 Administration; (2) persons owning real property who take back from
583 the buyer of such property a secondary mortgage loan in lieu of any
584 portion of the purchase price of the property; (3) persons [granting]
585 making secondary mortgage loans to persons related to the lender by
586 blood or marriage; (4) any bank, out-of-state bank, Connecticut credit
587 union, federal credit union or out-of-state credit union, provided
588 subsidiaries of such institutions are not exempt from licensure; (5)
589 persons [granting] making five or fewer secondary mortgage loans
590 within any twelve consecutive months, provided (A) the aggregate
591 total of such loans does not exceed one hundred thousand dollars, (B)
592 each individual loan does not exceed twenty thousand dollars and (C)
593 such loans are written in compliance with section 36a-521, as amended
594 by this act; (6) nonprofit corporations [granting] making secondary
595 mortgage loans to promote home ownership or improvements for the
596 disadvantaged; (7) agencies of the federal government or any state or
597 municipal government or any quasi-governmental agency granting
598 secondary mortgage loans under the specific authority of the laws of
599 this state or the United States; (8) persons licensed under sections 36a-
600 555 to 36a-573, inclusive, when making loans authorized by said
601 sections; (9) persons licensed under sections 36a-485 to 36a-498,
602 inclusive, when making loans authorized by said sections, provided
603 such licensed lender makes fewer than twelve secondary mortgage
604 loans within any twelve consecutive months and such loans are

605 written in compliance with section 36a-521, as amended by this act;
 606 (10) any corporation or its affiliate which makes mortgage loans
 607 exclusively for the benefit of its employees or agents; (11) any
 608 corporation, licensed in accordance with section 38a-41, or its affiliate
 609 or subsidiary, which [grants] makes secondary mortgage loans to
 610 promote home ownership in urban areas; and (12) persons acting as
 611 fiduciaries with respect to any employee pension benefit plan qualified
 612 under the Internal Revenue Code of 1986, or any subsequent
 613 corresponding internal revenue code of the United States, as from time
 614 to time amended, who make secondary mortgage loans solely to plan
 615 participants from plan assets.

616 Sec. 18. Section 36a-513 of the general statutes is repealed and the
 617 following is substituted in lieu thereof (*Effective October 1, 2002*):

618 [(a) An application for a secondary mortgage loan license or renewal
 619 of such license shall be in writing, under oath and on a form provided
 620 by the commissioner.]

621 (a) (1) The commissioner shall not issue a license to any person
 622 unless such person meets the following tangible net worth and
 623 experience requirements, as applicable: (A) The minimum tangible net
 624 worth requirement for a secondary mortgage lender shall be one
 625 hundred thousand dollars and the minimum tangible net worth
 626 requirement for a secondary mortgage correspondent lender and
 627 secondary mortgage broker shall be twenty-five thousand dollars, and
 628 (B) a mortgage lender shall have at the location for which the license is
 629 sought, a person with supervisory authority over the lending activities
 630 who has had at least three years experience in the mortgage lending
 631 business within the five years immediately preceding the application
 632 for the license, and a secondary mortgage broker shall have, at the
 633 location for which the license is sought, a person with supervisory
 634 authority over the brokerage activities who has at least three years
 635 experience in the mortgage lending or mortgage brokerage business
 636 within the five years immediately preceding the application for the

637 license, provided such experience requirements shall not apply to any
 638 person whose license is renewed effective July 1, 2003.

639 (2) Each licensee shall maintain the net worth required by this
 640 subsection and shall promptly notify the commissioner if such
 641 licensee's net worth falls below the net worth required by this
 642 subsection.

643 (b) The commissioner may issue a secondary mortgage lender
 644 license, a secondary mortgage correspondent lender license or a
 645 secondary mortgage broker license. Each secondary mortgage lender
 646 licensee may also act as a secondary mortgage correspondent lender
 647 and a secondary mortgage broker, and each secondary mortgage
 648 correspondent lender may also act as a secondary mortgage broker.
 649 Any application for a license or renewal of such license shall be under
 650 oath and on a form provided by the commissioner. The application
 651 shall [set forth: (1) The] include: (1) The type of license sought; (2) the
 652 name and address of the applicant; [(2) if the applicant is a firm or
 653 partnership,] (3) the location for which the license is sought; (4) the
 654 names and address of each member, [of the firm or partnership; (3) if
 655 the applicant is a corporation, the names and address of each] partner,
 656 officer, director, authorized agent and each shareholder owning ten
 657 per cent or more of the outstanding stock, [of such corporation] as
 658 applicable; [(4)] (5) if the applicant is a trust or the lead lender in one or
 659 more participation loans, the name and address of each trustee or lead
 660 lender and each beneficiary of the trust or other participant lenders in
 661 all outstanding participation loans; [, respectively; and (5) whether the
 662 applicant is a lender or a broker, or both] (6) a financial statement as of
 663 a date not more than ninety days prior to the filing of the application
 664 which reflects tangible net worth, the accuracy of which is sworn to
 665 under oath before a notary public by the proprietor, general partner,
 666 officer, trustee or member duly authorized to execute such statement;
 667 (7) evidence that the person with supervisory authority over the
 668 lending or brokerage activities at the location for which the license is
 669 sought meets the experience required by subsection (a) of this section;

670 (8) an application for registration of each originator or prospective
671 originator of the applicant at such location; and (9) such other
672 information pertaining to the applicant, the applicant's background,
673 the background of its principals and employees and the applicant's
674 activities as the commissioner may require.

675 [(c) Upon the filing of the required application and license fee, the
676 commissioner shall investigate the facts and may issue a license if the
677 commissioner finds that the applicant is in all respects properly
678 qualified and of good character and that granting such license would
679 not be against the public interest. Any disapproval of an application by
680 the commissioner shall, when applicable, be subject to the provisions
681 of section 46a-80.]

682 (c) If the commissioner finds, upon the filing of an application for a
683 license, that the applicant meets the requirements of subsection (a) of
684 this section, and that the financial responsibility, character, reputation,
685 integrity and general fitness of the applicant and of the partners
686 thereof if the applicant is a partnership, of the members if the applicant
687 is a limited liability company or association, and of the officers,
688 directors and principal employees if the applicant is a corporation, are
689 such as to warrant belief that the business will be operated soundly
690 and efficiently, in the public interest and consistent with the purposes
691 of sections 36a-510 to 36a-524, inclusive, as amended, the
692 commissioner may thereupon issue the applicant the license. If the
693 commissioner fails to make such findings, or if the commissioner finds
694 that the applicant made any material misstatement in the application,
695 the commissioner shall not issue a license, and shall notify the
696 applicant of the denial and the reasons for such denial. Any denial of
697 an application by the commissioner shall, when applicable, be subject
698 to the provisions of section 46a-80.

699 (d) An application for registration or renewal of such registration
700 shall be made on a form provided by the commissioner.

701 (e) Upon the filing of an application for registration, the

702 commissioner shall register the originator named in the application
 703 unless the commissioner finds that the applicant has made any
 704 material misstatement in the application or that the financial
 705 responsibility, character, reputation, integrity and general fitness of the
 706 originator named in the application, are not such as to warrant belief
 707 that granting such registration would be in the public interest and
 708 consistent with the purposes of sections 36a-510 to 36a-524, inclusive,
 709 as amended. If the commissioner denies registration, the commissioner
 710 shall notify the originator named in the application and the applicant
 711 filing the application of the denial and the reasons for such denial. Any
 712 denial of an application by the commissioner shall, when applicable,
 713 be subject to the provisions of section 46a-80.

714 Sec. 19. Section 36a-514 of the general statutes is repealed and the
 715 following is substituted in lieu thereof (*Effective October 1, 2002*):

716 (a) (1) Each applicant for a [license to be a] secondary mortgage
 717 lender license or [to be both] a secondary mortgage correspondent
 718 lender [and broker] license, at the time of making such application,
 719 shall pay to the commissioner a license fee of eight hundred dollars,
 720 provided if such application is filed within one year or less of the date
 721 such license will expire, the applicant shall pay to the commissioner a
 722 license fee of four hundred dollars, and if such application is for
 723 renewal of a license that expires on June 30, 2003, the applicant shall
 724 pay to the commissioner a license fee of five hundred dollars. Each
 725 applicant for a [license to be a] secondary mortgage broker [, but not a
 726 lender] license, at the time of making such application, shall pay to the
 727 commissioner a license fee of four hundred dollars, provided if such
 728 application is filed within one year or less of the date such license will
 729 expire, the applicant shall pay to the commissioner a license fee of two
 730 hundred dollars, and if such application is for renewal of a license that
 731 expires on June 30, 2003, the applicant shall pay to the commissioner a
 732 license fee of two hundred fifty dollars. Each license issued pursuant to
 733 this section shall expire at the close of business on [June] September
 734 thirtieth of [each year] the even-numbered year following its issuance

735 unless such license is renewed. Each licensee shall, on or before [June]
 736 September first of [each year] the year in which the license expires, or
 737 in the case of a license that expires on June 30, 2003, on or before June
 738 1, 2003, file a renewal application and pay to the commissioner the
 739 appropriate license fee as provided in this section to renew the license.
 740 [for the succeeding year, commencing July first.] Any renewal
 741 application filed with the commissioner after [June first] September
 742 first, or in the case of a license that expires on June 30, 2003, after June
 743 1, 2003, shall be accompanied by a one-hundred-dollar late fee. (2)
 744 Whenever an application for a license, other than a renewal
 745 application, is filed under this section by any person who was a
 746 licensee [under sections 36a-510 to 36a-524, inclusive,] and whose
 747 license expired less than sixty days prior to the date such application
 748 was filed, such application shall be accompanied by a one-hundred-
 749 dollar processing fee in addition to the application fee.

750 [(b) Each applicant or licensee shall pay the expenses of any
 751 examination or investigation made under sections 36a-510 to 36a-524,
 752 inclusive.]

753 (b) A licensee filing an application for registration of an originator
 754 shall, at the time of making such application pay to the commissioner a
 755 registration fee of one hundred dollars for each originator, provided if
 756 such application is filed within one year or less of the date the license
 757 of the applicant will expire, the applicant shall pay to the
 758 commissioner a registration fee of fifty dollars for each originator. Each
 759 registration shall expire at such time as the licensee's license expires
 760 unless such registration is renewed. Such licensee shall file an
 761 application for renewal of the registration and pay to the commissioner
 762 the appropriate registration fee as provided in this subsection for the
 763 succeeding two years, commencing October first.

764 (c) No abatement of the license or registration fee shall be made if
 765 the license or registration is surrendered, revoked or suspended prior
 766 to the expiration of the period for which it was issued. All fees

767 required by this section shall be nonrefundable.

768 Sec. 20. Section 36a-515 of the general statutes is repealed and the
769 following is substituted in lieu thereof (*Effective October 1, 2002*):

770 [No license shall be assignable nor shall any license or certificate be
771 transferable to cover a place of business located in another city or town
772 unless the licensee moves his place of business to another city or town
773 after written notice of such move is given to the commissioner. Each
774 such license shall be kept conspicuously posted in the respective place
775 of business of the licensee for which such license was issued. Every
776 license shall remain in force and effect until the same has been
777 surrendered, revoked or suspended in accordance with the provisions
778 of sections 36a-510 to 36a-524, inclusive. Any license which is revoked
779 or suspended shall be immediately surrendered to the commissioner.
780 If any change occurs in the personnel of the partners, directors or
781 officers of a licensee or, if the licensee is a trust or lead lender in any
782 participation loans, a change in the trustees or other participant
783 lenders, respectively, the licensee shall forthwith notify the
784 commissioner, and the commissioner may require a statement under
785 oath giving such information as he may reasonably require with
786 respect to such change.]

787 (a) Each license shall state the location at which the business is to be
788 conducted and shall state fully the name of the licensee. If the licensee
789 desires to make secondary mortgage loans in more than one location
790 or to act as a mortgage broker in more than one location, the licensee
791 shall procure a license for each location where the business is to be
792 conducted. Each license shall be maintained at the location for which
793 the license was issued and shall be available for public inspection.
794 Such license shall not be transferable or assignable, provided any
795 change of location of a licensee shall require only prior written notice
796 to the commissioner. No licensee shall use any name other than the
797 name stated on the license issued by the commissioner.

798 (b) The licensee shall promptly notify the commissioner, in writing,

799 of any change in the information provided in the application for
800 license or most recent renewal of such license.

801 (c) Each license and registration shall remain in force and effect until
802 it has been surrendered, revoked, suspended or expires in accordance
803 with the provisions of sections 36a-510 to 36a-524, inclusive, as
804 amended.

805 Sec. 21. Section 36a-516 of the general statutes is repealed and the
806 following is substituted in lieu thereof (*Effective October 1, 2002*):

807 (a) Each licensee shall maintain adequate records of each loan
808 transaction at the place of business named in the license or shall make
809 such records available at such place of business not later than five
810 business days after requested by the commissioner to do so. Such
811 records shall provide the following information: (1) A copy of any
812 disclosures required under part III of chapter 669; (2) whether the
813 licensee acted as mortgage lender, secondary mortgage broker, or both;
814 (3) in the case of a licensee acting as a mortgage lender, an adequate
815 loan history, itemizing the amount and date of each payment and the
816 unpaid balance at all times; (4) the purpose for which the loan was
817 made; (5) the original or an exact copy of the note, contract or other
818 evidence of indebtedness and the mortgage deed; and (6) the name
819 and address of the mortgage broker, if any, involved in the loan
820 transaction.

821 (b) [Each licensee acting as a lender] For each loan that is made and
822 served by a licensee, the licensee shall retain records of [each] such
823 loan transaction as required under subsection (a) of this section, for not
824 less than [one year from the date of] two years following the final
825 payment [to the licensee on such loan transaction] thereon, or the
826 assignment of such loan, whichever occurs first, or such longer period
827 as may be required by any other provision of law.

828 (c) [Each licensee acting as a broker] For each loan transaction in
829 which a licensee acts as a mortgage lender or secondary mortgage

830 broker but does not service the loan, the licensee shall retain the
831 records [required under subsection (a) of this section] of such loan
832 transaction for not less than two years from the date of the transaction
833 or such longer period as may be required by any other provision of
834 law.

835 Sec. 22. Subsection (a) of section 36a-517 of the general statutes is
836 repealed and the following is substituted in lieu thereof (*Effective*
837 *October 1, 2002*):

838 (a) (1) The commissioner may suspend, revoke or refuse to renew
839 any license, in accordance with section 36a-51, as amended, for any
840 reason which would be sufficient grounds for the commissioner to
841 deny an application for a license under sections 36a-510 to 36a-524,
842 inclusive, as amended, or if the commissioner finds that the licensee or
843 any [owner] proprietor, director, officer, member, partner,
844 shareholder, trustee, employee or agent of such licensee has done any
845 of the following: [(1)] (A) Made any material misstatement in the
846 application; [(2)] (B) committed any fraud, misappropriated funds or
847 misrepresented, concealed, suppressed, intentionally omitted or
848 otherwise intentionally failed to disclose any of the material particulars
849 of any secondary mortgage loan transaction, including disclosures
850 required by part III of chapter 669 or regulations adopted pursuant
851 thereto, to anyone entitled to such information; [(3)] (C) violated any of
852 the provisions of [sections 36a-510 to 36a-524, inclusive, parts I, III and
853 V of chapter 669, sections 46a-65 to 46a-67, inclusive, or section 46a-98]
854 title 36a, or of any regulations adopted pursuant thereto or any other
855 law or regulation applicable to the conduct of its business; or [(4)] (D)
856 failed to perform any agreement with a licensee or a borrower.

857 (2) The commissioner may suspend, revoke or refuse to renew any
858 registration, in accordance with the provisions of section 36a-51, as
859 amended, for any reason which would be sufficient grounds for the
860 commissioner to deny an application for a registration under sections
861 36a-510 to 36a-524, inclusive, as amended, or if the commissioner finds

862 that the registrant has committed any fraud, misappropriated funds or
863 misrepresented any of the material particulars of any secondary
864 mortgage loan transaction.

865 Sec. 23. Section 36a-519 of the general statutes is repealed and the
866 following is substituted in lieu thereof (*Effective October 1, 2002*):

867 In any transaction subject to part III of chapter 669, no licensee shall
868 impose any charge as a penalty for the prepayment of principal of a
869 [second] secondary mortgage loan which exceeds five per cent of the
870 balance prepaid, provided no penalty shall be imposed for any
871 prepayment occurring more than three years after the date of such
872 loan.

873 Sec. 24. Section 36a-520 of the general statutes is repealed and the
874 following is substituted in lieu thereof (*Effective October 1, 2002*):

875 (a) Each licensee shall deliver to the mortgagor a release of a
876 [second] secondary mortgage: (1) Upon receipt by such licensee of cash
877 or a certified check in the amount of the outstanding balance of the
878 obligation secured by such mortgage; or (2) upon payment by the
879 payor bank, as defined in section 42a-4-105, of any check which is
880 payable to such licensee or its assignee in the amount of the
881 outstanding balance of the obligation secured by such mortgage.

882 (b) Each licensee shall advise any person designated by the
883 mortgagor of the amount of the outstanding balance of the obligation
884 secured by the [second] secondary mortgage granted to such licensee
885 no later than the second business day after the licensee receives a
886 request for such information.

887 Sec. 25. Section 36a-521 of the general statutes, as amended by
888 section 14 of public act 01-34, is repealed and the following is
889 substituted in lieu thereof (*Effective October 1, 2002*):

890 (a) No person engaged in the secondary mortgage loan business in
891 this state as a mortgage lender, or a secondary mortgage broker,

892 including any licensee under sections 36a-510 to 36a-524, inclusive, as
 893 amended, and any person who is exempt from licensing under section
 894 36a-512, as amended by this act, may (1) charge, impose or cause to be
 895 paid, directly or indirectly, as an incident to or a condition of the
 896 extension of credit in any secondary mortgage loan transaction, any
 897 loan fees, points, commissions, transaction fees or similar prepaid
 898 finance charges determined in accordance with sections 36a-675 to 36a-
 899 685, inclusive, as amended, and regulations adopted thereunder,
 900 except the time-price differential, which, when added to any secondary
 901 mortgage broker's fee or commission for which the borrower may be
 902 obligated, exceed in the aggregate eight per cent of the principal
 903 amount of the loan, or (2) include in the loan agreement upon which
 904 loan fees, points, commissions, transaction fees or similar prepaid
 905 finance charges have been assessed any provision which permits the
 906 mortgage lender to demand payment of the entire loan balance prior to
 907 the scheduled maturity, except that such loan agreement may contain a
 908 provision which permits the mortgage lender to demand payment of
 909 the entire loan balance if any scheduled installment is in default for
 910 more than sixty days or if any condition of default set forth in the
 911 mortgage note exists.

912 (b) Any mortgage lender who fails to comply with the provisions of
 913 this section shall be liable to the borrower in an amount equal to the
 914 sum of: (1) The amount by which the total of all loan fees, points,
 915 commissions, transaction fees, other prepaid finance charges, and
 916 secondary mortgage broker's fees and commissions exceeds eight per
 917 cent of the principal amount of the loan; (2) eight per cent of the
 918 principal amount of the loan or two thousand five hundred dollars,
 919 whichever is less; and (3) the costs incurred by the borrower in
 920 bringing an action under this section, including reasonable attorney's
 921 fees, as determined by the court, provided no such mortgage lender
 922 shall be liable for more than the amount specified in this subsection in
 923 a secondary mortgage loan transaction involving more than one
 924 borrower.

925 (c) Except as provided in subsection (d) of this section, every
926 advance fee shall be refundable.

927 (d) Subsection (c) of this section shall not apply if: (1) The person
928 providing the advance fee and the licensee agree, in writing, that the
929 advance fee shall not be refundable, in whole or in part; and (2) the
930 written agreement complies in all respects with the provisions of
931 subsection (e) of this section.

932 (e) An agreement under subsection (d) of this section shall meet all
933 of the following requirements to be valid and enforceable: (1) The
934 agreement shall be dated, signed by both parties, and be executed
935 prior to the payment of any advance fee; (2) the agreement shall
936 expressly state the total advance fee required to be paid and any
937 amount of the advance fee that shall not be refundable; (3) the
938 agreement shall clearly and conspicuously state any conditions under
939 which the advance fee will be retained by the licensee; (4) the term
940 "nonrefundable" shall be used to describe each advance fee or portion
941 thereof to which the term is applicable and shall appear in boldface
942 type in the agreement each time it is used; and (5) the form of the
943 agreement shall (A) be separate from any other forms, contracts or
944 applications utilized by the licensee, (B) contain a heading printed in a
945 size equal to at least ten-point boldface type that shall title the form
946 "AGREEMENT CONCERNING NONREFUNDABILITY OF
947 ADVANCE FEE", (C) provide for a duplicate copy, which shall be
948 given to the person paying the advance fee at the time of payment of
949 the advance fee, and (D) include such other specifications as the
950 commissioner may by regulation prescribe.

951 (f) An agreement under subsection (d) of this section that does not
952 meet the requirements of subsection (e) of this section shall be voidable
953 at the election of the person paying the advance fee.

954 Sec. 26. Section 36a-523 of the general statutes is repealed and the
955 following is substituted in lieu thereof (*Effective October 1, 2002*):

956 No person engaged in the business of making secondary mortgage
957 [loan business] loans in this state, [as a lender,] whether licensed in
958 accordance with the provisions of sections 36a-510 to 36a-524,
959 inclusive, as amended, or exempt from licensing, shall accept
960 applications or referral of applicants from, or pay a fee to, any
961 secondary mortgage broker who is required to be licensed under said
962 sections but is not licensed to act as such by the commissioner, if the
963 lender has actual knowledge that the broker is not licensed by the
964 commissioner.

965 Sec. 27. Section 36a-524 of the general statutes is repealed and the
966 following is substituted in lieu thereof (*Effective October 1, 2002*):

967 No person licensed pursuant to section 36a-513, as amended by this
968 act, shall:

969 (1) Advertise or cause to be advertised in this state, any secondary
970 mortgage loan in which such person intends to act only as a secondary
971 mortgage broker unless the advertisement includes the following
972 statement, clearly and conspicuously expressed: BROKER ONLY, NOT
973 A LENDER; or

974 (2) In connection with an advertisement in this state, use (A) a
975 simulated check; (B) a comparison between the loan payments under
976 the secondary mortgage loan offered and the loan payments under a
977 hypothetical loan or extension of credit, unless the advertisement
978 includes, with respect to both the hypothetical loan or extension of
979 credit and the secondary mortgage loan being offered, the interest rate,
980 the loan balance, the total amount of finance charges, the total number
981 of payments and the monthly payment amount that would be required
982 to pay off the outstanding loan balance shown; (C) representations
983 such as "verified as eligible", "eligible", "preapproved", "prequalified"
984 or similar words or phrases, without also disclosing, in immediate
985 proximity to and in similar size print, language which sets forth
986 prerequisites to qualify for the secondary mortgage loan, including,
987 but not limited to, income verification, credit check, and property

988 appraisal or evaluation; or (D) any words or symbols in the
989 advertisement or on the envelope containing the advertisement that
990 give the appearance that the mailing was sent by a government
991 agency.

992 Sec. 28. Section 36a-534a of the general statutes is repealed and the
993 following is substituted in lieu thereof (*Effective October 1, 2002*):

994 (a) Any first mortgage broker or mortgage lender, as defined in
995 section 36a-485, as amended by this act, and licensed pursuant to
996 section 36a-486, as amended by this act, and any secondary mortgage
997 broker or mortgage lender, as defined in section 36a-510, as amended
998 by this act, and licensed pursuant to section 36a-511, as amended by
999 this act, shall notify the commissioner by written affidavit if any such
1000 broker or lender, as a result of a transaction in which such broker or
1001 lender was involved, reasonably believes that the lending practices of a
1002 financial institution or federal bank violate section 36a-737 or 46a-66.
1003 Such broker or lender shall provide the commissioner with any written
1004 document containing lending restrictions which a financial institution
1005 or federal bank has provided to such broker or lender. In the event the
1006 commissioner finds that there is a reasonable basis for said notification,
1007 the commissioner shall notify the Commission on Human Rights and
1008 Opportunities of said notification and the action the commissioner
1009 plans to take with respect thereto.

1010 (b) The commissioner may suspend, revoke or refuse to renew the
1011 license of any such broker or lender who violates subsection (a) of this
1012 section.

1013 Sec. 29. Subsection (a) of section 36a-539 of the general statutes is
1014 repealed and the following is substituted in lieu thereof (*Effective*
1015 *October 1, 2002*):

1016 (a) Each person applying to the commissioner for a sales finance
1017 company license [under sections 36a-535 to 36a-546, inclusive,] shall
1018 pay a license fee of eight hundred dollars, provided if such application

1019 is filed within one year or less of the date such license will expire, such
 1020 person shall pay a license fee of four hundred dollars. Each license
 1021 issued pursuant to said sections shall expire at the close of business on
 1022 [June] September thirtieth of [each year] the odd-numbered year
 1023 following its issuance unless such license is renewed, provided any
 1024 license that is renewed effective July 1, 2003, shall expire on September
 1025 30, 2005. Whenever an application for a license is filed under this
 1026 section by any person who was a licensee under sections 36a-535 to
 1027 36a-546, inclusive, and whose license expired less than sixty days prior
 1028 to the date such application was filed, such application shall be
 1029 accompanied by a one-hundred-dollar processing fee in addition to the
 1030 application fee. Not more than one place of business shall be
 1031 maintained under the same license, but the commissioner may issue
 1032 more than one license to the same licensee upon receipt of an
 1033 application and the payment of the appropriate license fee.

1034 Sec. 30. Section 36a-540 of the general statutes is repealed and the
 1035 following is substituted in lieu thereof (*Effective October 1, 2002*):

1036 Each license shall specify the location [of the office and shall be
 1037 conspicuously displayed there. If such location is changed, the
 1038 commissioner shall endorse the change of location on the license
 1039 without charge. No other reference to the licensing or supervision by
 1040 the commissioner may be made] at which the business is to be
 1041 conducted. Each license shall be maintained at the location for which it
 1042 was issued and shall be available for public inspection. Such license
 1043 shall not be transferable or assignable, provided any change of location
 1044 of a licensee shall require only prior written notice to the
 1045 commissioner. No licensee shall use any name other than the name
 1046 specified on the license issued by the commissioner.

1047 Sec. 31. Section 36a-541 of the general statutes is repealed and the
 1048 following is substituted in lieu thereof (*Effective October 1, 2002*):

1049 [(a) Upon the filing of an application for a license as a sales finance
 1050 company and receipt of the fee therefor, the commissioner (1) may

1051 refuse to issue the license if the commissioner finds that the applicant,
1052 or any person who at the time of the filing of such application is an
1053 owner, director, officer, member, partner, employee, agent or spouse of
1054 the applicant, has suffered revocation of a license under sections 36a-
1055 535 to 36a-546, inclusive, or has been found to have violated any of the
1056 provisions of sections 36a-535 to 36a-546, inclusive, or part XI of
1057 chapter 669 or of any other law regulating retail installment sales
1058 contracts, or has been responsible for any act or omission in
1059 consequence of which a license issued under sections 36a-535 to 36a-
1060 546, inclusive, to any person was revoked. The commissioner may
1061 likewise refuse to issue a license if the commissioner finds the
1062 experience, character or general fitness of the applicant are not such as
1063 to command the confidence of the community and to warrant the
1064 belief that the business will be conducted honestly and fairly within
1065 the purposes and intent of sections 36a-535 to 36a-546, inclusive. For
1066 the purpose of this subsection, the applicant shall be deemed to
1067 include all the members of the applicant if it is a partnership or an
1068 unincorporated association, and all the trustees, officers and directors
1069 of the applicant if it is a corporation; or (2) shall issue and deliver to
1070 the applicant a nonassignable license to engage in the business of a
1071 sales finance company in accordance with the provisions of sections
1072 36a-535 to 36a-546, inclusive, for a period which shall expire on June
1073 thirtieth next following the date of its issuance.

1074 (b) No licensee shall transact any business provided for by sections
1075 36a-535 to 36a-546, inclusive, under any other name.]

1076 If the commissioner finds, upon the filing of an application for a
1077 license, that the financial responsibility, character, reputation, integrity
1078 and general fitness of the applicant and of the partners thereof if the
1079 applicant is a partnership, of the members if the applicant is a limited
1080 liability company or association, and of the officers, directors and
1081 principal employees if the applicant is a corporation, are such as to
1082 warrant belief that the business will be operated soundly and
1083 efficiently, in the public interest and consistent with the purposes of

1084 sections 36a-535 to 36a-546, inclusive, as amended by this act, the
1085 commissioner may thereupon issue the applicant the license. If the
1086 commissioner fails to make such findings, or if the commissioner finds
1087 that the applicant has made any material misstatement in the
1088 application, the commissioner shall not issue a license, and shall notify
1089 the applicant of the denial and the reasons for such denial. Any denial
1090 of an application by the commissioner shall, when applicable, be
1091 subject to the provisions of section 46a-80.

1092 Sec. 32. Section 36a-542 of the general statutes is repealed and the
1093 following is substituted in lieu thereof (*Effective October 1, 2002*):

1094 Each person licensed as a sales finance company may renew such
1095 license [for the succeeding year commencing July first] by filing with
1096 the commissioner on or before [June first] September first of the year in
1097 which the license expires or, in the case of a license that expires on
1098 June 30, 2003, on or before June 1, 2003, a renewal application on a
1099 form prescribed by the commissioner [, in writing and] under oath,
1100 together with such exhibits and other pertinent information as the
1101 commissioner may require. The license fee shall be [four] eight
1102 hundred dollars, provided the license fee for renewal of a license that
1103 expires on June 30, 2003, shall be nine hundred dollars. Any renewal
1104 application filed with the commissioner under this section after [June
1105 first] September first, or in the case of a license that expires on June 30,
1106 2003, after June 1, 2003, shall be accompanied by a one-hundred-dollar
1107 late fee.

1108 Sec. 33. Section 36a-543 of the general statutes is repealed and the
1109 following is substituted in lieu thereof (*Effective October 1, 2002*):

1110 (a) The commissioner may suspend, revoke or refuse to renew any
1111 sales finance company license, in accordance with section 36a-51, as
1112 amended, if the commissioner finds that: (1) The licensee, knowingly
1113 or without the exercise of due care to prevent such violation, has
1114 violated any provision of sections 36a-535 to 36a-546, inclusive, as
1115 amended by this act, or of any other law regulating installment sales

1116 financing, or has failed to comply with any demand or requirement,
1117 made by the commissioner under and within the authority of sections
1118 36a-535 to 36a-546, inclusive, as amended by this act; or (2) there has
1119 been any material misstatement or failure to give a true reply to a
1120 question in the application for the license; or (3) the licensee has
1121 defrauded any retail buyer to the buyer's damage; or wilfully failed to
1122 perform any written agreement with any retail buyer; or (4) any fact or
1123 condition exists which, if it had existed at the time of the original
1124 application for such license, would have warranted the commissioner's
1125 [refusal to issue] denial of such license originally; or (5) in the case of a
1126 licensee other than a natural person, (A) any officer, director, trustee,
1127 member or partner of such licensee has been guilty of any act or
1128 omission which would be cause for revoking or suspending a license
1129 of such party as an individual; or (B) any other agent or employee of
1130 such licensee has been guilty of such act or omission and the licensee
1131 has approved or had knowledge thereof and, after such approval or
1132 knowledge, has retained the benefit, proceeds, profit or advantage of
1133 such act or omission or otherwise ratified it.

1134 (b) The commissioner in the commissioner's discretion may revoke
1135 or suspend only the particular license with respect to which grounds
1136 for revocation or suspension are of general application to all [places of
1137 business] locations, or if to more than one [place of business] location,
1138 operated by such licensee, the commissioner shall revoke or suspend
1139 all of the licenses issued to such licensee or those licenses to which the
1140 grounds for revocation or suspension apply, as the case may be.

1141 (c) No suspension, revocation or surrender of any license shall
1142 impair or affect the obligation of any installment contract, obligation or
1143 credit agreement lawfully acquired previously thereto by the licensee.

1144 [(d) The commissioner shall establish rules as to the form of
1145 hearings, findings and orders, which shall be reasonable and in the
1146 public interest.]

1147 [(e)] (d) Whenever it appears to the commissioner that any person

1148 has violated, is violating or is about to violate any provision of sections
1149 36a-535 to 36a-546, inclusive, as amended by this act, or any regulation
1150 adopted under said sections, the commissioner may take action against
1151 such person in accordance with section 36a-50, as amended.

1152 Sec. 34. Section 36a-555 of the general statutes is repealed and the
1153 following is substituted in lieu thereof (*Effective October 1, 2002*):

1154 No person shall engage in the business of making loans of money or
1155 credit in the amount or to the value of fifteen thousand dollars or less
1156 for loans made under section 36a-563 or section 36a-565, and charge,
1157 contract for or receive a greater rate of interest, charge or consideration
1158 than twelve per cent per annum therefor, except (1) a bank, (2) an out-
1159 of-state bank, (3) a Connecticut credit union, (4) a federal credit union,
1160 (5) an out-of-state credit union, (6) a savings and loan association
1161 wholly owned subsidiary service corporation, (7) a person to the extent
1162 that such person makes loans for agricultural, commercial, industrial
1163 or governmental use or extends credit through an open-end credit
1164 plan, as defined in subdivision (8) of section 36a-676, for the retail
1165 purchase of consumer goods or services, (8) a [nondepository first]
1166 mortgage lender licensed pursuant to sections 36a-485 to 36a-498,
1167 inclusive, (9) a [secondary] mortgage lender licensed pursuant to
1168 sections 36a-510 to 36a-524, inclusive, as amended, or (10) a licensed
1169 pawnbroker, unless licensed to do so by the commissioner as provided
1170 in sections 36a-555 to 36a-573, inclusive.

1171 Sec. 35. Section 36a-556 of the general statutes is repealed and the
1172 following is substituted in lieu thereof (*Effective October 1, 2002*):

1173 [Before filing an application for a license under sections 36a-555 to
1174 36a-573, inclusive, the applicant shall give public notice of the
1175 applicant's intention to apply for a license by advertising daily, in a
1176 newspaper published or having a circulation in the town where the
1177 applicant's place of business is to be located, for two successive weeks,
1178 in a manner approved by the commissioner, and satisfactory proof of
1179 such advertising shall be filed with the commissioner.] Upon the filing

1180 of the required application and license fee, the commissioner shall
 1181 investigate the facts and, if the commissioner finds that (1) the
 1182 experience, character and general fitness of the applicant, and of the
 1183 members thereof if the applicant is a partnership, limited liability
 1184 company or association, and of the officers and directors thereof if the
 1185 applicant is a corporation, are satisfactory, (2) a license to such
 1186 applicant will be for the convenience and advantage of the community
 1187 in which the applicant's business is to be conducted and (3) the
 1188 applicant has the capital investment required by this section, the
 1189 commissioner shall issue a license to the applicant to make loans in
 1190 accordance with sections 36a-555 to 36a-573, inclusive. If the
 1191 commissioner fails to make such findings or finds that the applicant
 1192 made a material misstatement in the application, the commissioner
 1193 shall not issue a license and shall notify the applicant of the denial and
 1194 the reasons for such denial. Any denial of an application by the
 1195 commissioner shall, when applicable, be subject to the provisions of
 1196 section 46a-80. The capital investment shall be not less than twenty-
 1197 five thousand dollars for each licensed [place of business] location in a
 1198 city or town with a population of ten thousand or more inhabitants
 1199 and ten thousand dollars for each licensed [place of business] location
 1200 in a city or town with a smaller population. Population shall be
 1201 determined according to the last United States census at the time a
 1202 license is granted. [The required capital investment shall be
 1203 maintained permanently at the licensed place of business. The
 1204 requirement for a capital investment shall not apply to any person who
 1205 has been continuously licensed under sections 36a-555 to 36a-573,
 1206 inclusive, on and after May 14, 1929.]

1207 Sec. 36. Section 36a-557 of the general statutes is repealed and the
 1208 following is substituted in lieu thereof (*Effective October 1, 2002*):

1209 An application for such license shall be in writing, under oath and
 1210 in the form prescribed by the commissioner. [The application shall
 1211 contain the full name and the address, both of the residence and place
 1212 of business, of the applicant, and, if the applicant is a partnership, of

1213 each member thereof, or, if a corporation, of each director and officer
1214 thereof. The application shall also contain the county and municipality,
1215 with street and number, if any, where the business is to be conducted
1216 and such other pertinent information as the commissioner may
1217 require.]

1218 Sec. 37. Subsection (a) of section 36a-558 of the general statutes is
1219 repealed and the following is substituted in lieu thereof (*Effective*
1220 *October 1, 2002*):

1221 (a) Each applicant for a small loan lender license, at the time of
1222 making such application, shall pay to the commissioner a license fee of
1223 eight hundred dollars, provided if such application is filed within one
1224 year or less of the date such license will expire, the applicant shall pay
1225 to the commissioner a license fee of four hundred dollars. Each such
1226 license [issued pursuant to sections 36a-555 to 36a-573, inclusive,] shall
1227 expire at the close of business on [June] September thirtieth of [each
1228 year] the odd-numbered year following its issuance, unless such
1229 license is renewed, provided any license that is renewed effective July
1230 1, 2003, shall expire on September 30, 2005. Each licensee shall, on or
1231 before [June first of each year] September first of the year in which the
1232 license expires, or in the case of a license that expires on June 30, 2003,
1233 on or before June 1, 2003, file a renewal application and pay to the
1234 commissioner a [four-hundred-dollar] license fee of eight hundred
1235 dollars to renew the license, [for the succeeding year, commencing July
1236 first] provided if such application is for renewal of a license that
1237 expires on June 30, 2003, the applicant shall pay the commissioner a
1238 license fee of nine hundred dollars. Any renewal application filed with
1239 the commissioner after [June first] September first, or in the case of a
1240 license that expires on June 30, 2003, after June 1, 2003, shall be
1241 accompanied by a one-hundred-dollar late fee. Whenever an
1242 application for a license, other than a renewal application, is filed
1243 under this section by any person who was a licensee [under sections
1244 36a-555 to 36a-573, inclusive,] and whose license expired less than sixty
1245 days prior to the date such application was filed, such application shall

1246 be accompanied by a one-hundred-dollar processing fee in addition to
1247 the application fee. Each applicant shall pay the expenses of any
1248 examination or investigation made under sections 36a-555 to 36a-573,
1249 inclusive.

1250 Sec. 38. Section 36a-572 of the general statutes is repealed and the
1251 following is substituted in lieu thereof (*Effective October 1, 2002*):

1252 The commissioner may, in accordance with section 36a-51, as
1253 amended, revoke any license issued under the provisions of section
1254 36a-556 if the commissioner finds that the licensee [has failed to pay
1255 the annual license fee or] has violated any provision of sections 36a-555
1256 to 36a-573, inclusive, or any regulation or order lawfully made
1257 pursuant to and within the authority of said sections, or if the
1258 commissioner finds that any fact or condition exists which, if it had
1259 existed at the time of the original application for the license, clearly
1260 would have warranted [refusing to issue] a denial of such license.

1261 Sec. 39. Subsection (a) of section 36a-602 of the general statutes, as
1262 amended by section 9 of public act 01-56, is repealed and the following
1263 is substituted in lieu thereof (*Effective October 1, 2002*):

1264 (a) As a condition for the issuance and retention of the license,
1265 applicants for a license and licensees shall file with the commissioner a
1266 corporate surety bond in a form satisfactory to the commissioner and
1267 issued by a bonding company or insurance company authorized to do
1268 business in this state. The bond shall be in favor of the commissioner,
1269 shall remain in place for two years after such licensee ceases to engage
1270 in business in this state, and shall be in the principal sum of (1) three
1271 hundred thousand dollars for any applicant and any licensee that
1272 engages in the business of issuing Connecticut payment instruments
1273 with an average daily balance of outstanding Connecticut payment
1274 instruments during the two previous reporting quarters of three
1275 hundred thousand dollars or less or any licensee that engages in the
1276 business of money transmission with an average weekly amount of
1277 money or equivalent thereof transmitted during the two previous

1278 reporting quarters of one hundred fifty thousand dollars or less; (2)
 1279 five hundred thousand dollars for any licensee that engages in the
 1280 business of issuing Connecticut payment instruments with an average
 1281 daily balance of outstanding Connecticut payment instruments during
 1282 the two previous reporting quarters of greater than three hundred
 1283 thousand dollars but less than five hundred thousand dollars or any
 1284 licensee that engages in the business of money transmission with an
 1285 average weekly amount of money equivalent thereof transmitted
 1286 during the two previous reporting quarters of greater than one
 1287 hundred fifty thousand dollars but less than two hundred fifty
 1288 thousand dollars; and (3) one million dollars for any licensee that
 1289 engages in the business of issuing Connecticut payment instruments
 1290 with an average daily balance of outstanding Connecticut payment
 1291 instruments during the two previous reporting quarters equal to or
 1292 greater than five hundred thousand dollars or any licensee that
 1293 engages in the business of money transmission with an average weekly
 1294 amount of money or equivalent thereof transmitted during the two
 1295 previous reporting quarters of two hundred fifty thousand dollars or
 1296 greater. The proceeds of the bond, even if commingled with other
 1297 assets of the licensee, shall be deemed by operation of law to be held in
 1298 trust for the benefit of any claimants against the licensee to serve the
 1299 faithful performance of the obligations of the licensee with respect to
 1300 the receipt, handling, transmission or payment of money in connection
 1301 with the sale and issuance of payment instruments or transmission of
 1302 money in the event of the bankruptcy of the licensee, and shall be
 1303 immune from attachment by creditors or judgment creditors. The
 1304 commissioner may proceed on such bond against the principal or
 1305 surety thereon, or both, to collect any civil penalty imposed upon the
 1306 licensee pursuant to subsection (a) of section 36a-50, as amended.

1307 Sec. 40. Section 36a-655 of the general statutes is repealed and the
 1308 following is substituted in lieu thereof (*Effective October 1, 2002*):

1309 As used in sections 36a-655 to 36a-665, inclusive, as amended, "bona
 1310 fide nonprofit organization" means [an individual, partnership,

1311 corporation, limited liability company, association, organization or
 1312 other person in the operation of which no shareholder, member,
 1313 director, officer, partner, employee, agent or other affiliated person
 1314 profits financially other than receiving reasonable salaries if applicable,
 1315 and which provides debt adjustment services for individuals at no cost
 1316 or at a cost not exceeding that required to defray necessary, reasonable
 1317 and bona fide expenses in order to provide such services; and] any
 1318 organization that is exempt from taxation under Section 501(c)(3) of the
 1319 Internal Revenue Code of 1986, or any subsequent corresponding
 1320 internal revenue code of the United States, as from time to time
 1321 amended; "debt adjustment" means receiving, as agent of a debtor,
 1322 money or evidences thereof for the purpose of distributing such
 1323 money or evidences thereof among creditors in full or partial payment
 1324 of obligations of the debtor; and "debtor" means any individual who
 1325 has incurred indebtedness or owes a debt for personal, family or
 1326 household purposes.

1327 Sec. 41. Section 36a-656 of the general statutes is repealed and the
 1328 following is substituted in lieu thereof (*Effective October 1, 2002*):

1329 (a) No person, other than a bona fide nonprofit organization, shall
 1330 engage in the business of debt adjustment in this state. No bona fide
 1331 nonprofit organization shall engage in the business of debt adjustment
 1332 in this state without a debt adjuster license. [issued in accordance with
 1333 the provisions of sections 36a-655 to 36a-665, inclusive.] Any bona fide
 1334 nonprofit organization desiring to obtain such a license shall file with
 1335 the commissioner an application [in writing,] under oath, setting forth
 1336 such information as the commissioner may require. Each applicant for
 1337 a license and each licensee shall notify the commissioner of any
 1338 [material changes] change in the applicant's business from that stated
 1339 in the application for [a] the license. [including, but not limited to, any
 1340 changes in location or additional locations of the business. Except as
 1341 provided in section 36a-657, a license issued under sections 36a-655 to
 1342 36a-665, inclusive, shall be effective as long as the licensee remains in
 1343 the business of debt adjustment.]

1344 (b) If the commissioner finds, upon the filing of an application for a
 1345 license, that: (1) The financial responsibility, character, reputation,
 1346 integrity and general fitness of the applicant and of the partners
 1347 thereof if the applicant is a partnership, of the members if the applicant
 1348 is a limited liability company or association, and of the officers,
 1349 directors and principal employees if the applicant is a corporation, are
 1350 such as to warrant belief that the business will be operated soundly
 1351 and efficiently, in the public interest and consistent with the purposes
 1352 of sections 36a-655 to 36a-665, inclusive, as amended; and (2) the
 1353 applicant is solvent and no proceeding in bankruptcy, receivership or
 1354 assignment for the benefit of creditors has been commenced against
 1355 the applicant, the commissioner may thereupon issue the applicant a
 1356 debt adjuster license. If the commissioner fails to make such findings,
 1357 the commissioner shall not issue a license and shall notify the
 1358 applicant of the reasons for such denial. Any denial of an application
 1359 by the commissioner shall, when applicable, be subject to the
 1360 provisions of section 46a-80.

1361 (c) Each applicant for an original debt adjuster license shall, at the
 1362 time of making such application, pay to the commissioner an
 1363 application fee of two hundred fifty dollars. Each such license shall
 1364 expire at the close of business on September thirtieth of the odd-
 1365 numbered year following its issuance unless such license is renewed.
 1366 Any license issued prior to the effective date of this act shall expire on
 1367 September 30, 2003, unless renewed. Each licensee shall, on or before
 1368 September first of the year in which the license expires, file such
 1369 renewal application as the commissioner may require.

1370 (d) No abatement of the license fee shall be made if the license is
 1371 surrendered, revoked or suspended prior to the expiration of the
 1372 period for which it was issued. The fee required by subsection (c) of
 1373 this section shall be nonrefundable.

1374 Sec. 42. Section 36a-657 of the general statutes is repealed and the
 1375 following is substituted in lieu thereof (*Effective October 1, 2002*):

1376 [The commissioner may deny any application for a license under
1377 sections 36a-655 to 36a-665, inclusive. The commissioner may revoke
1378 or suspend any license under said sections in accordance with section
1379 36a-51 for the following causes: (1) Conviction of a crime involving
1380 moral turpitude; (2) violation of any provision of sections 36a-655 to
1381 36a-665, inclusive; (3) fraud or deceit or, if the licensee was not at the
1382 time of application and still is not entitled to obtain a license under
1383 said sections, material error in procuring the issuance of a license
1384 under said sections; (4) the licensee no longer meets the requirements
1385 necessary to obtain a license under said sections; (5) maintenance of a
1386 continuous course of unfair conduct, or (6) insolvency, commencement
1387 of any proceeding in bankruptcy, receivership, or assignment for the
1388 benefit of creditors by any licensee or applicant for a license under said
1389 sections.]

1390 The commissioner may suspend, revoke or refuse to renew any
1391 license, in accordance with the provisions of section 36a-51, as
1392 amended, for any reason which would be sufficient grounds for the
1393 commissioner to deny an application for a license under sections 36a-
1394 655 to 36a-665, inclusive, as amended, or if the commissioner finds that
1395 the licensee or any proprietor, director, officer, member, partner,
1396 shareholder, trustee, employee or agent of such licensee has done any
1397 of the following: (1) Made any material misstatement in the
1398 application; (2) committed any fraud or misappropriated funds; (3)
1399 violated any of the provisions of sections 36a-655 to 36a-665, inclusive,
1400 as amended, or any other law or regulation applicable to the conduct
1401 of its business; or (4) failed to perform any agreement with a debtor.

1402 Sec. 43. Section 36a-658 of the general statutes is repealed and the
1403 following is substituted in lieu thereof (*Effective October 1, 2002*):

1404 [Each license or a copy thereof shall be posted conspicuously in each
1405 office of the licensee. No license shall be transferable or assignable. The
1406 licensee shall be limited solely to the business of debt adjustment and
1407 any other business which does not conflict with the interests of persons

1408 for whom the licensee is adjusting debts or with the business of debt
1409 adjustment.]

1410 Each license shall state the location at which the business is to be
1411 conducted and shall state fully the name of the licensee. If the licensee
1412 desires to engage in the business of debt adjustment in more than one
1413 location, the licensee shall procure a license for each location where the
1414 business is to be conducted. Each license shall be maintained at the
1415 location for which the license was issued and shall be available for
1416 public inspection. Such license shall not be transferable or assignable,
1417 provided any change of location of a licensee shall require only prior
1418 written notice to the commissioner. No licensee shall use any name
1419 other than the name stated on the license issued by the commissioner.

1420 Sec. 44. Section 36a-659 of the general statutes is repealed and the
1421 following is substituted in lieu thereof (*Effective October 1, 2002*):

1422 Each licensee shall maintain a separate bank account for the benefit
1423 of debtors in which all payments received from debtors who are
1424 residents of Connecticut for the benefit of creditors shall be deposited.
1425 [and in which all payments shall remain until a remittance is made to
1426 either a debtor or a creditor.] Every licensee shall keep [,] and use in
1427 [the licensee's] its business, books, accounts and records which will
1428 enable the commissioner to determine whether such licensee is
1429 complying with the provisions of sections 36a-655 to 36a-665, inclusive,
1430 as amended, and with the regulations [of the commissioner] adopted
1431 pursuant thereto. Every licensee shall preserve such books, accounts
1432 and records for at least seven years after making the final entry on any
1433 transaction recorded therein.

1434 Sec. 45. Section 36a-664 of the general statutes is repealed and the
1435 following is substituted in lieu thereof (*Effective October 1, 2002*):

1436 (a) No such license, and no renewal thereof, shall be granted unless
1437 the applicant has filed a bond with the commissioner written by a
1438 surety authorized to write such bonds in this state, the form of which

1439 shall be approved by the Attorney General, provided any applicant
 1440 that files applications for licenses for more than one location shall file a
 1441 single bond. For every applicant, the principal amount of the bond
 1442 shall be the greater of (1) forty thousand dollars, or (2) twice the
 1443 amount of the highest total payments received by the applicant from
 1444 Connecticut debtors in connection with the applicant's debt adjustment
 1445 activity in any month during the preceding twelve months ending July
 1446 thirty-first of each year. The licensee shall submit to the commissioner
 1447 such bond or renewal thereof by September first of each year. Such
 1448 bond shall be conditioned upon such licensee faithfully performing
 1449 any and all written agreements with debtors, truly and faithfully
 1450 accounting for all funds received by the licensee in the licensee's
 1451 capacity as a debt adjuster, and conducting such business consistent
 1452 with the provisions of sections 36a-655 to 36a-665, inclusive. Any
 1453 debtor who may be damaged by failure to perform any written
 1454 agreements, or by the wrongful conversion of funds paid to a licensee,
 1455 may proceed on such bond against the principal or surety thereon, or
 1456 both, to recover damages. The commissioner may proceed on such
 1457 bond against the principal or surety thereon, or both, to collect any
 1458 civil penalty imposed upon the licensee pursuant to subsection (a) of
 1459 section 36a-50, as amended. The proceeds of the bond, even if
 1460 commingled with other assets of the licensee, shall be deemed by
 1461 operation of law to be held in trust for the benefit of such claimants
 1462 against the licensee in the event of bankruptcy of the licensee and shall
 1463 be immune from attachment by creditors and judgment creditors. The
 1464 bond shall be maintained during the entire period of the license
 1465 granted to the applicant, and the aggregate liability under the bond
 1466 shall not exceed the penal sum of the bond.

1467 (b) No licensee shall use, attempt to use or make reference to, either
 1468 directly or indirectly, any word or phrase which states or implies that
 1469 the licensee is [bonded, approved,] endorsed, sponsored,
 1470 recommended or bonded by the state. [or approved by the state.]

1471 Sec. 46. Section 36a-801 of the general statutes, as amended by

1472 section 4 of public act 01-207, is repealed and the following is
1473 substituted in lieu thereof (*Effective October 1, 2002*):

1474 (a) No person shall act within this state as a consumer collection
1475 agency [, unless such person holds a license then in force from the
1476 commissioner authorizing such person so to act] without a consumer
1477 collection agency license. A consumer collection agency is acting
1478 within this state if it (1) has its place of business located within this
1479 state; (2) has its place of business located outside this state and collects
1480 from consumer debtors who reside within this state for creditors who
1481 are located within this state; (3) has its place of business located
1482 outside this state and regularly collects from consumer debtors who
1483 reside within this state for creditors who are located outside this state;
1484 or (4) has its place of business located outside this state and is engaged
1485 in the business of collecting child support for creditors located within
1486 this state from consumer debtors who are located outside this state.

1487 (b) (1) Any person desiring to act within this state as a consumer
1488 collection agency shall make a written application to the commissioner
1489 for such license in such form as the commissioner prescribes. Such
1490 application shall be accompanied by (A) a financial statement prepared
1491 by a certified public accountant or a public accountant, the accuracy of
1492 which is sworn to under oath before a notary public by the proprietor,
1493 a general partner or a corporate officer or a member duly authorized to
1494 execute such documents, (B) a license fee of eight hundred dollars, or
1495 in the case of an application that is filed within one year or less of the
1496 date such license will expire, a license fee of four hundred dollars, and
1497 (C) an investigation fee of one hundred dollars. The commissioner
1498 shall cause to be made such inquiry and examination as to the
1499 qualifications of each such applicant as the commissioner deems
1500 necessary. Each applicant shall furnish satisfactory evidence to the
1501 commissioner that the applicant is a person of good moral character
1502 and is financially responsible. If the commissioner is satisfied that such
1503 applicant is in all respects properly qualified and trustworthy and that
1504 the granting of such license is not against the public interest, the

1505 commissioner may issue to such applicant a license, in such form as
1506 the commissioner may adopt, to act within this state as a consumer
1507 collection agency. Any such license issued by the commissioner shall
1508 expire at the close of business on [April] September thirtieth of [each
1509 year, but may be renewed by the] the odd-numbered year following its
1510 issuance, unless such license is renewed, provided any license that is
1511 renewed effective May 1, 2003, shall expire on September 30, 2005. The
1512 commissioner may renew such application, in the commissioner's
1513 discretion, and upon filing of a proper renewal application
1514 accompanied by a license fee of [four] eight hundred dollars, or in the
1515 case of an application for renewal of a license that expires on April 30,
1516 2003, a license fee of one thousand dollars, and satisfactory proof that
1517 such applicant at that time possesses the required qualifications for the
1518 license. Such renewal application shall be filed with the commissioner
1519 [prior to April] on or before September first of [each year] the year in
1520 which the license expires, or in the case of a license that expires on
1521 April 30, 2003, on or before April 1, 2003. Any renewal application
1522 filed with the commissioner after [April first] September first, or in the
1523 case of a license that expires on April 30, 2003, after April 1, 2003, shall
1524 be accompanied by a one-hundred-dollar late fee. Whenever an
1525 application for a license, other than a renewal application, is filed
1526 under sections 36a-800 to 36a-810, inclusive, as amended by this act, by
1527 any person who was a licensee under said sections 36a-800 to 36a-810,
1528 inclusive, and whose license expired less than sixty days prior to the
1529 date such application was filed, such application shall be accompanied
1530 by a one-hundred-dollar processing fee in addition to the application
1531 fee. To further the enforcement of this section and to determine the
1532 eligibility of any person holding a license, the commissioner may, as
1533 often as the commissioner deems necessary, examine the licensee's
1534 books and records, and may, at any time, require the licensee to submit
1535 such a financial statement for the examination of the commissioner, so
1536 that the commissioner may determine whether the licensee is
1537 financially responsible to carry on a consumer collection agency
1538 business within the intents and purposes of sections 36a-800 to 36a-

1539 810, inclusive, as amended by this act. Any financial statement
1540 submitted by a licensee shall be confidential and shall not be a public
1541 record unless introduced in evidence at a hearing conducted by the
1542 commissioner.

1543 (2) No abatement of the license fee shall be made if the license is
1544 surrendered, revoked or suspended prior to the expiration of the
1545 period for which it was issued. All fees required by this section shall be
1546 nonrefundable.

1547 (c) No person, licensed to act within this state as a consumer
1548 collection agency shall do so under any other name or at any other
1549 place of business than that named in the license. Any change of
1550 location of a place of business of a licensee shall require prior written
1551 notice to the commissioner. Not more than one place of business shall
1552 be maintained under the same license but the commissioner may issue
1553 more than one license to the same licensee upon compliance with the
1554 provisions of sections 36a-800 to 36a-810, inclusive, as amended by this
1555 act as to each new licensee. A license shall not be transferable or
1556 assignable. Any licensee holding, applying for, or seeking renewal of
1557 more than one license may, at its option, file the bond required under
1558 section 36a-802, as amended by this act, separately for each place of
1559 business licensed, or to be licensed, or a single bond, naming each
1560 place of business, in an amount equal to five thousand dollars for each
1561 place of business.

1562 Sec. 47. Section 36a-802 of the general statutes is repealed and the
1563 following is substituted in lieu thereof (*Effective October 1, 2002*):

1564 No such license and no renewal thereof shall be granted unless the
1565 applicant has filed with the commissioner a bond to the people of the
1566 state in the penal sum of five thousand dollars, approved by the
1567 Attorney General as to form and by the commissioner as to sufficiency
1568 of the security thereof. Such bond shall be conditioned that such
1569 licensee shall well and truly and faithfully account for all funds
1570 entrusted to [him] the licensee and collected and received by [him in

1571 his] the licensee in the licensee's capacity as a consumer collection
 1572 agency. Any person who may be damaged by the wrongful conversion
 1573 of any [trust] creditor or consumer debtor funds held by such
 1574 consumer collection agency may proceed on such bond against the
 1575 principal or surety thereon, or both, to recover damages. The
 1576 commissioner may proceed on such bond against the principal or
 1577 surety thereon, or both, to collect any civil penalty imposed upon the
 1578 licensee pursuant to subsection (a) of section 36a-50, as amended. The
 1579 proceeds of the bond, even if commingled with other assets of the
 1580 licensee, shall be deemed by operation of law to be held in trust for the
 1581 benefit of such claimants against the licensee in the event of
 1582 bankruptcy of the licensee and shall be immune from attachment by
 1583 creditors and judgment creditors. The bond shall run concurrently
 1584 with the period of the license granted to the applicant, and the
 1585 aggregate liability under the bond shall not exceed the penal sum of
 1586 the bond.

1587 Sec. 48. Section 36a-804 of the general statutes is repealed and the
 1588 following is substituted in lieu thereof (*Effective October 1, 2002*):

1589 [The commissioner may suspend or revoke such license for cause
 1590 shown, in accordance with section 36a-51.]

1591 (a) The commissioner may suspend, revoke or refuse to renew any
 1592 license, in accordance with the provisions of section 36a-51, as
 1593 amended, for any reason which would be sufficient grounds for the
 1594 commissioner to deny an application for a license under sections 36a-
 1595 800 to 36a-810, inclusive, as amended by this act, or if the
 1596 commissioner finds that the licensee or any proprietor, director, officer,
 1597 member, partner, shareholder, trustee, employee or agent of such
 1598 licensee has done any of the following: (1) Made any material
 1599 misstatement in the application; (2) committed any fraud or
 1600 misrepresentation or misappropriated funds; or (3) violated any of the
 1601 provisions of sections 36a-800 to 36a-810, inclusive, as amended by this
 1602 act, or of any regulations adopted pursuant thereto, or any other law

1603 or regulation applicable to the conduct of its business.

1604 (b) Whenever it appears to the commissioner that any person has
 1605 violated, is violating or is about to violate any of the provisions of
 1606 sections 36a-800 to 36a-810, inclusive, as amended by this act,, or any
 1607 regulation adopted pursuant thereto, the commissioner may take
 1608 action against such person or licensee in accordance with section 36a-
 1609 50, as amended.

1610 Sec. 49. (*Effective October 1, 2002*) Sections 36a-495, 36a-518, 36a-571
 1611 and 36a-803 of the general statutes are repealed.

This act shall take effect as follows:	
Section 1	<i>October 1, 2002</i>
Sec. 2	<i>October 1, 2002</i>
Sec. 3	<i>October 1, 2002</i>
Sec. 4	<i>October 1, 2002</i>
Sec. 5	<i>October 1, 2002</i>
Sec. 6	<i>October 1, 2002</i>
Sec. 7	<i>October 1, 2002</i>
Sec. 8	<i>October 1, 2002</i>
Sec. 9	<i>October 1, 2002</i>
Sec. 10	<i>October 1, 2002</i>
Sec. 11	<i>October 1, 2002</i>
Sec. 12	<i>October 1, 2002</i>
Sec. 13	<i>October 1, 2002</i>
Sec. 14	<i>October 1, 2002</i>
Sec. 15	<i>October 1, 2002</i>
Sec. 16	<i>October 1, 2002</i>
Sec. 17	<i>October 1, 2002</i>
Sec. 18	<i>October 1, 2002</i>
Sec. 19	<i>October 1, 2002</i>
Sec. 20	<i>October 1, 2002</i>
Sec. 21	<i>October 1, 2002</i>
Sec. 22	<i>October 1, 2002</i>
Sec. 23	<i>October 1, 2002</i>
Sec. 24	<i>October 1, 2002</i>
Sec. 25	<i>October 1, 2002</i>

Sec. 26	October 1, 2002
Sec. 27	October 1, 2002
Sec. 28	October 1, 2002
Sec. 29	October 1, 2002
Sec. 30	October 1, 2002
Sec. 31	October 1, 2002
Sec. 32	October 1, 2002
Sec. 33	October 1, 2002
Sec. 34	October 1, 2002
Sec. 35	October 1, 2002
Sec. 36	October 1, 2002
Sec. 37	October 1, 2002
Sec. 38	October 1, 2002
Sec. 39	October 1, 2002
Sec. 40	October 1, 2002
Sec. 41	October 1, 2002
Sec. 42	October 1, 2002
Sec. 43	October 1, 2002
Sec. 44	October 1, 2002
Sec. 45	October 1, 2002
Sec. 46	October 1, 2002
Sec. 47	October 1, 2002
Sec. 48	October 1, 2002
Sec. 49	October 1, 2002

Statement of Purpose:

To revise and update the licensing scheme for mortgage lenders and brokers, sales finance companies, small loan lenders, debt adjusters and consumer collection agencies to provide greater protection to consumers and streamline the licensing process; and to amend the bond provisions for first mortgage lenders and brokers, money transmitters, and consumer collection agencies to allow the Commissioner of Banking to proceed on the bond to collect any civil penalty imposed on such licensees.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]